

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

A Component Unit of the State of Oklahoma



Mission Statement

It is the mission of the Oklahoma Teachers Retirement System to provide outstanding customer service to all of our active and retired Clients.

Mission Action Plan

- Provide excellent communication and education to our Clients
- Protect and promote the financial interests of our Clients
- Consistently improve performance
- Pursue pro-active solutions and innovation
- Promote an environment of trust and cooperation where Colleagues are encouraged to reach their potential



OKLAHOMA TEACHERS RETIREMENT SYSTEM





OKLAHOMA TEACHERS RETIREMENT SYSTEM

A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report

June 30, 2011

Oklahoma Teachers Retirement System

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Table of Contents

Introductory Section.....	5
Transmittal Letter from the Executive Secretary	7
Board of Trustees	11
Organization Chart	12
2010-2011 Teachers' Retirement System of Oklahoma Plan Summary	13
Certificate of Achievement for Excellence in Financial Reporting	15
Financial Section	17
Independent Auditors' Report	19
Management's Discussion and Analysis.....	21
Basic Financial Statements	
Statements of Plan Net Assets	26
Statements of Changes in Plan Net Assets	27
Notes to Financial Statements.....	28
Required Supplementary Information.....	46
Schedule 1: Schedules of Funding Progress and Employers Contributions...	46
Other Supplementary Information	47
Schedule 2: Schedules of Investment Expenses	47
Schedule 3: Schedules of Administrative Expenses.....	48
Schedule 4: Schedules of Professional/Consultant Fees	49
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
Investment Section.....	53
Professional Consultants and Advisors.....	55
Statement of Investment Policies	57
Investments Performance	58
FY 11 Strategy Performance	59
Top Ten Holdings	60
Investment Expenses	60
Brokerage Commissions Paid.....	61
Summary of Investments	68
Comparative Rates of Return	69
Investment Managers	70
Assets Managed Chart.....	71
Rates of Return.....	72
Actuarial Section	73
Certification of the 2011 Actuarial Valuation	75
Executive Summary	79
Funded Status.....	80
Analysis of Changes	81
Actuarial Assumptions and Methods	82
Development of Employer Cost	83
Actuarial Present Value of Future Benefits.....	84
Analysis of Normal Cost	85
Schedule of Funding Progress	86
Schedule of Employer Contributions	87
Notes to Required Supplementary Information.....	88

Membership Data	89
Historical Summary of Active Member Data.....	90
Plan Net Assets (Assets at Market or Fair Value).....	91
Distribution of Assets at Market Value	92
Reconciliation of Plan Net Assets	93
Development of Actuarial Value of Assets	94
Estimation of Yields	95
History of Cash Flow	97
Investment Experience Gain or Loss	98
Total Experience Gain or Loss.....	99
Analysis of Change in Unfunded Actuarial Accrued Liability	100
Projection of UAAL.....	101
Solvency Test.....	102
Distribution of Active Members by Age and by Years of Service	103
Summary of Actuarial Assumptions and Methods	104
Schedule of Increases and Decreases of Benefit Recipients	112
Statistical Section	113
Statistical Section Summary	115
Principal Participating Employers.....	116
Schedule of Average Payment Amounts	117
Active Personnel	118
Schedule of Retired Members by Types of Benefits	119
Distribution by Years of Service.....	120
Distribution by Age at Retirement	121
Distribution by Retiree Age.....	122
Distribution by Monthly Income	123
Schedule of Cash Receipts and Disbursements.....	124
Schedule of Changes in Net Assets	125
Schedule of Revenue by Source	126
Schedule of Expenses by Type.....	127
Schedule of Benefit Expenses by Type.....	128
Retirees in State of Oklahoma, by County	129
2010 Participating Employers	130

Section One: Introduction

Comprehensive Annual
Financial Report

Fiscal Year Ended June 30, 2011



OKLAHOMA TEACHERS

RETIREMENT SYSTEM



Mission Action Plan

Point One: Provide excellent
communication and education to our
Clients



OKLAHOMA TEACHERS RETIREMENT SYSTEM





OKLAHOMA TEACHERS RETIREMENT SYSTEM

The Board of Trustees
Oklahoma Teachers Retirement System
2500 N. Lincoln Boulevard
Oklahoma City, OK 73105

Dear Board of Trustees:

We are honored to present the 2011 Comprehensive Annual Financial Report (CAFR) of the Oklahoma Teachers Retirement System (the System) for the fiscal year ended June 30, 2011. The information included in this report not only defines our purpose, but represents our commitment to protecting the financial future of our active and retired clients. We accomplish this by monitoring and evaluating our daily operations as well as prudently managing the \$10.2 billion of net assets in the fund. The Teachers' Retirement System of Oklahoma is a component unit of the state of Oklahoma.

Profile of System

Established by legislation, the System began operation on July 1, 1943. The System provides retirement allowances and other benefits to public education employees in the common schools, career technology centers, colleges and universities, and other local and state educational agencies of the state of Oklahoma.

The mission of the System is to provide outstanding customer service to all of our active and retired Clients. All services provided by the staff are performed to meet that objective.

Management Responsibility

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that the transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes written policies and procedures. Responsibility for the preparation, accuracy, completeness and fairness of this presentation, including all disclosures, rests firmly with the System's management. To the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The System maintains a comprehensive internal control framework designed to assure that assets are safeguarded from theft or misuse, transactions are completed accurately, and financial statements are fair and reliable. Internal control is designed to provide reasonable assurance, but not absolute assurance, that these objectives are met. The concept of reasonable assurance

recognizes first, that the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of cost and benefits requires estimates and judgments by management. The System has its own internal audit program with an Internal Auditor who reports directly to the Executive Secretary and regularly provides written and oral reports to the Board of Trustees.

The System operates according to an administrative budget approved annually by the Board. Although revenue is not appropriated from the state's General Revenue Fund, the budget is submitted to the Legislature as part of the Governor's recommended budget. The System operates under the same budgetary controls that apply to all state agencies.

The basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board. An independent auditing firm, Cole and Reed PC, has audited the financial statements included in this report and their opinion letter is presented in the Financial Section of this CAFR. Readers are encouraged to review the Management's Discussion and Analysis (MD&A) in the Financial Section for an in-depth discussion of the financial statements and the cause and effect of market conditions, legislation and changes in operations affecting the System's financial results.

Economic Condition and Outlook

For the year ended June 30, 2011, the System's investment portfolio realized a 23.5% rate of return. This was due to improvement in the United States and global financial markets. The System is incrementally rebalancing its portfolio. This should result in the investments being better positioned to fully participate as the financial markets recover.

A properly funded pension plan continues to be the Board's most significant challenge. As of June 30, 2011, only 56.7% of the System's actuarial liabilities were covered by the actuarial value of assets. This is an increase in the 47.9% funded ratio reported for June 2010. The increase in the funded ratio is primarily due to recognition of recent market gains and legislation passed during the FY2011 legislative session.

Several bills were passed in the Fiscal Year 2011 State of Oklahoma legislative session which had a significant impact on the actuarial valuation. HB 2132 changed the definition of a nonfiscal retirement bill to exclude cost of living adjustments (COLAs) even if such COLAs are assumed in the annual actuarial valuation. Since COLAs are now required to be funded by an additional funding source when they are granted, no assumption for future COLAs is currently included in the liabilities of the System. This change decreased the unfunded actuarial accrued liability (UAAL) by \$2.814 billion as of June 30, 2011. SB 377 changes the retirement eligibility requirements and early retirement factors for new employees who become members of the System on or after November 1, 2011.

Revenue and Funding

The major sources of revenue for the System are member contributions, employer contributions, dedicated revenue from the state of Oklahoma, and investment income.

Active member contributions for fiscal year 2011 were \$286.6 million, which represents 7% of covered payroll. This compares to \$290.2 million for the fiscal year ending June 30, 2010. Member contributions include direct payments by members to reestablish service credit, purchase Oklahoma, out-of-state or military service, and payments required to qualify for the Education Employees Service Incentive Plan (EESIP).

Contributions from local employers, the state of Oklahoma, and federal sources for fiscal year 2011 totaled \$638.5 million, compared to \$620.7 million for fiscal year 2010. Contributions from local school districts and federal revenues decreased by \$5.6 million, and the state's contribution increased by \$23.4 million.

Expenses

The System's expenses are attributable to retirement benefit payments including health insurance subsidies, death and survivor benefits, refunds of member contributions and administrative expenses. During FY-2011, the System paid \$66.3 million more in retirement, survivor and insurance benefits than in the preceding year, \$4.8 million more in refunds to active clients who terminated accounts, and \$20.8 million less in distributions from the Systems 403(b) Tax Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members and the average benefit payments. The increase in refunds and death benefits and is due to an increase in the account balances of members making withdrawals from the defined benefit plan. The 403(b) Tax Shelter Annuity plan had \$20.8 million less in withdrawals due to the Internal Revenue Service suspending the required minimum distribution. Administrative expenses decreased by \$263 thousand due primarily to a decrease in personnel costs.

Investments

For FY 2011, the System experienced a 23.5% positive rate of return. Net investment income, including realized and unrealized gains and losses, was a positive \$1,668.7 million compared to a positive \$953.3 billion for FY 2010. Net assets totaled \$10.4 billion at market value on June 30, 2011 compared to \$8.6 billion on June 30, 2010. These numbers include the amounts held in trust for members who participate in the Systems 403(b) Tax Sheltered Annuity Plan.

On June 30, 2011, the System's investment portfolio mix at market value was 32% fixed income 60% equities, master limited partnerships 4.9%, private equity .6%, real estate .4%, and cash 2.1%. As fiduciaries for the retirement funds, the Board of Trustees is responsible for investment of the funds under the prudent person standard. This standard allows the System to allocate trust funds across a broad group of asset classes. The Board of Trustees has elected to limit investments to stocks and bonds, Treasury Bills and Notes, Commercial Paper, foreign currency exchange contracts, private equity, master limited partnerships and bank deposits collateralized by U.S. Government securities.

A summary of the System's investment activities during fiscal year 2011 and historic performance results is presented in the Investment Section.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Oklahoma for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This is the eighteenth consecutive year the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the System must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report reflects the combined efforts of the System's staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

This report is being mailed to the Governor, members of the Oklahoma Legislature, and the Oklahoma State Pension Commission. This report will also be available on our website at www.ok.gov/TRS.

I would like to take this opportunity to express my gratitude to you, the staff, the advisors, and other people who have worked so diligently to assure the continued successful operation of the Teachers' Retirement System of Oklahoma.

Respectfully submitted,



James. R. Wilbanks, Ph.D.
Executive Director
December 20, 2011

TEACHERS RETIREMENT SYSTEM OF OKLAHOMA

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BOARD OF TRUSTEES

Dr. Michael Simpson, Chairman, Ponca City

Dr. Gary Trennepohl, Vice Chairman, Tulsa

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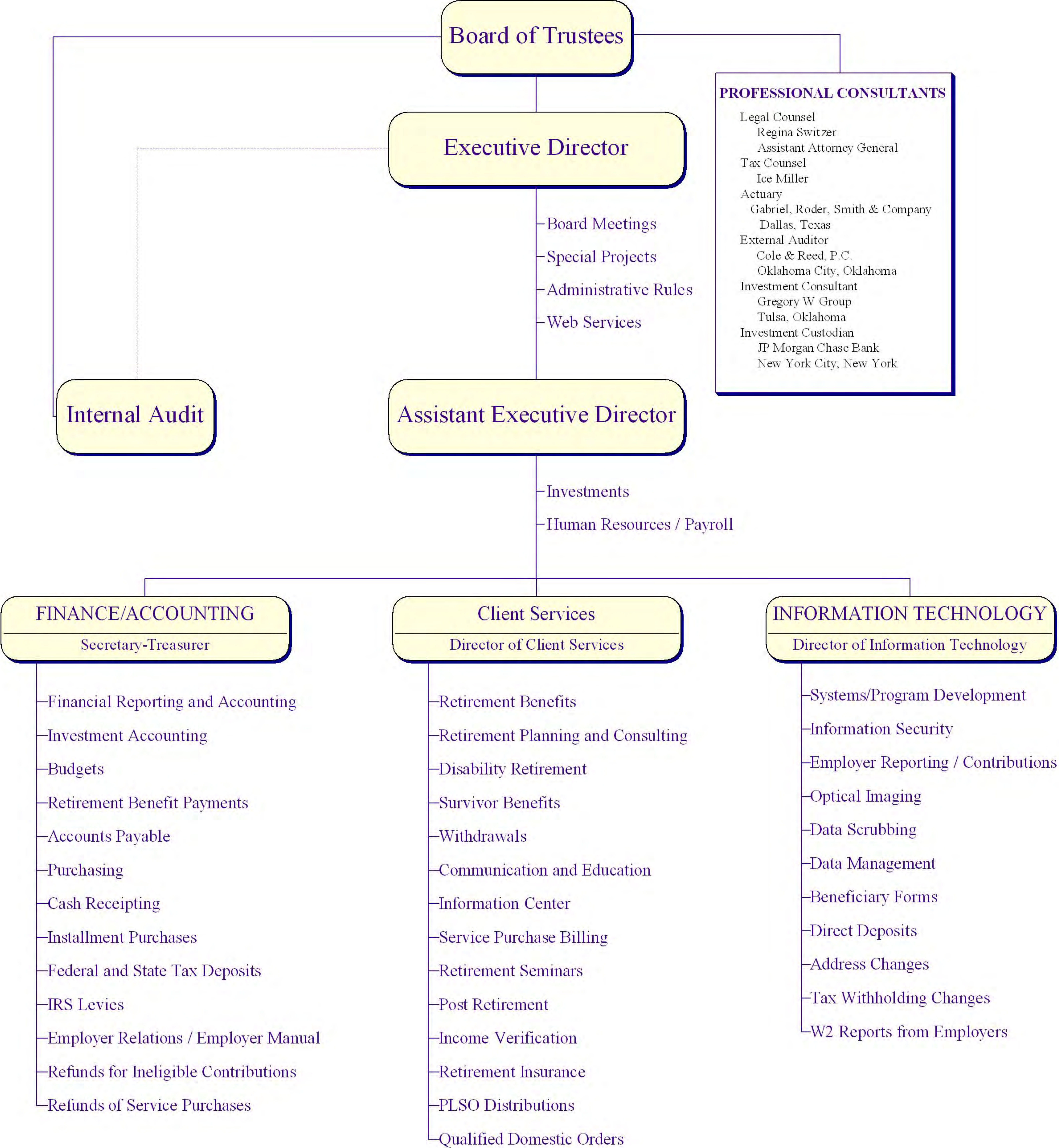
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Ms. Billie Stephenson, *Trustee*, Marlow

Executive Director
TEACHERS RETIREMENT SYSTEM OF OKLAHOMA
James R. Wilbanks, Ph.D.

Oklahoma Teachers Retirement System





OKLAHOMA TEACHERS RETIREMENT SYSTEM

Plan Summary 2010-2011

BEGINNINGS

The Oklahoma Teachers Retirement System (the System) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified employees of state-supported educational institutions.

ADMINISTRATION

A 13-member Board of Trustees oversees the administration of the System and acts as fiduciary for investing its funds.

CONTRIBUTIONS

As a member of the System, your contribution rate is 7% of your total compensation (salary and your fringe benefits).

Statutes also require employers to contribute a percentage of applicable employee earnings. The employer contribution rate for K-12 school districts, career-techs, and junior colleges is 9.5%. The employer contribution rate for comprehensive universities (University of Oklahoma and Oklahoma State University and their entities) and the state's four-year regional universities is 8.55%.

MEMBERSHIP

Oklahoma statutes require classified personnel to be members of the System. The definition of classified personnel in 70 O.S., § 17-101 includes teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Employers of a charter school may join the System if the Oklahoma Teachers Retirement System Board of Trustees approves the school's application for membership.

New employees at the University of Oklahoma, OU Health Sciences Center, and Oklahoma State University have the option to participate in an alternate retirement plan provided by the universities. Employees choosing the alternate retirement plan are not eligible to participate in the System as long as they remain employees of the universities.

SERVICE CREDIT

You must work at least six full school months to qualify for one year of membership. A school month is 20 school days of at least six hours. You will receive partial credit for employment of fewer than six months or between four and six hours per school day. You also may purchase credit for out-of-state service, military service, service with certain Oklahoma governmental entities, and employment in Oklahoma schools before your date of membership.

Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit.

RETIREMENT ANNUITY

You are fully vested after five years of contributory Oklahoma membership service. A vested member can receive benefits after satisfying eligibility requirements.

Members joining the System before July 1, 1992, may retire with unreduced benefits when age and years of creditable service total 80 (Rule of 80). Members joining the System after June 30, 1992, may retire with unreduced benefits when age and years of creditable service total 90 (Rule of 90).

You may retire at age 62 with unreduced benefits after completing five years of Oklahoma service.

You may retire with reduced benefits as early as age 55, if you have at least five years of creditable Oklahoma service.

The Oklahoma Teachers Retirement System is a governmental defined benefit plan under Section 401(a) of the Internal Revenue Code. The retirement benefits paid to our members are not determined by the market value of their retirement account, but rather by a formula. The formula includes years of service and highest average salary multiplied by a 2% computation factor.

The final average salary is not limited to the highest average salary defined under the Rule of 80 (highest three salaries) or Rule of 90 (highest five consecutive salaries), but may include any years previously capped.

The Education Employees Service Incentive Plan (EESIP) provides the opportunity for capped years to be diminished by two years for every one year worked beyond the full retirement eligibility date. If salaries earned prior to July 1, 1995 are greater than \$40,000, there will be a cost to participate in EESIP. Clients retiring from a four year university, college or other related entity are not eligible to participate in this plan.

If you work for a comprehensive university (OU/OSU) or other associated entity, your retirement benefit calculation may involve a multi-step process. First, we will determine your capped average salary prior to July 1, 1995. Next we will determine your capped average salary between July 1, 1995 and June 30, 2007. Finally, years of service that did not meet the caps as well as service credit earned after July 1, 2007, will be incorporated into the retirement benefit formula using the highest average of actual total compensation, not to exceed the IRS compensation limits. There may be as few as one average salary or as many as four weighted averages to determine the final average salary used in the final benefit calculation.

Each of the Systems's five retirement plans provides a lifetime benefit to the member. After the member's death, the designated beneficiary(ies) receive either a lump-sum payment or continued payments to one beneficiary, depending upon the elected plan's provisions.

DISABILITY BENEFITS

You may qualify for disability retirement benefits if a medical condition keeps you from performing your regular duties as a public school employee. You may be considered for an Oklahoma Teachers Retirement System disability retirement benefit if you have at least 10 years of contributory service, you submit a disability retirement application detailing your medical condition (which must have existed while you were employed by the public schools of Oklahoma), and your application is approved by the System's Medical Review Board and the Board of Trustees.

If you are awarded Social Security Disability benefits, you qualify for disability benefits with the System if you incur the disability while employed by the public schools and provide the System with proof of the Social Security award.

(Continued on Reverse Side)

HEALTH INSURANCE BENEFIT

If you have at least 10 years of creditable service and retire or terminate your employment, you may elect to continue coverage in

the insurance program your employer provides to active employees.

If you are not enrolled in the state plan, coverage is subject to the provisions of the plan in which you are enrolled.

Dependent and dental coverage is available if you are enrolled in the State and Education Employees Group Health and Dental Insurance Plan.

Once you begin receiving monthly retirement checks, Oklahoma Teachers Retirement System will pay for the first \$100 to \$105 of monthly premiums for you, but not for your dependents. The actual amount paid by the System is determined by your total service and average salary at retirement.

If you have fewer than 10 years of employment, you have certain rights under federal law to continue health insurance coverage after your employment ends. You should request information about continued coverage from your school's payroll office or the State and Education Group Insurance Board before termination.

SURVIVOR BENEFITS

Your designated beneficiary or estate is entitled to survivor benefits if you are a member of the System when you die.

If you are an active in-service member when you die, your beneficiary(ies) will receive an \$18,000 death benefit, plus the contributions in your account and interest on those contributions. "Active in-service" is defined in the Oklahoma Teachers Retirement System rules, but generally means a member currently employed by an Oklahoma public education institution. When you die, if you are an active in-service member with 10 or more years of service, have reached age 55 or met the Rule of 80 or Rule of 90 and you have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump-sum payment.

If you are an inactive member when you die, your beneficiaries will receive the amount of the contributions in your account, plus interest on those contributions, but will not qualify for the \$18,000 death benefit or the monthly retirement benefit payment payable to the surviving beneficiary of active in-service members.

If you die after you retire, your beneficiary or estate will receive a \$5,000 death benefit, plus the survivor benefits provided by your chosen retirement plan. Certain retirement plan options provide your surviving beneficiary(ies) with a continuing monthly retirement benefit.

WITHDRAWING YOUR CONTRIBUTIONS

If you leave the job that qualified you for membership, you may request a refund of your contributions any time after your last day on that job. You will be eligible to receive the refund four months after you leave your job. The refund includes all contributions made by you or on your behalf by your employer, plus any applicable portion of interest earnings. When you accept a refund, you forfeit all service credit.

If you return to qualifying employment, you may redeposit your withdrawn account after you contribute to the System for 12 months.

Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn contributions, your official membership date will be the date you rejoined the System.

If you decide to redeposit, you must redeposit the entire amount you withdrew and pay 10% simple interest on that amount for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

Only an optional member (support personnel) can terminate membership in the System without terminating employment. If you are an optional member and withdraw your account without leaving your job, the IRS requires that pre-tax contributions remain on deposit and cannot be refunded until you leave your job.

If you continue working for your employer after terminating your membership, you can rejoin the System only under special provisions of an Internal Revenue Service private letter ruling requiring a period of non-membership and loss of the right to redeposit withdrawn service or purchase prior service credits. In

this case, you would become a new member as of the date you rejoin.

You also may leave your contributions in your account. If you are vested (have at least five years if Oklahoma service), your account will continue earning interest until you withdraw it or begin drawing your retirement benefit. If you are not vested, your account will continue earning interest for five years, unless you withdraw it before then.

THE 403(b) TAX SHELTERED ANNUITY PLAN

The System sponsors a tax sheltered annuity program qualified under § 403(b) of the Internal Revenue Code. You may deposit funds into this plan if your local Board of Education or other governing board adopts a resolution making the plan available to its employees.

The tax sheltered annuity program has been managed internally since its inception in 1964. In July 2009, the Board of Trustees hired ING Life Insurance and Annuity Company to be the service provider for the 403(b) Plan.

Under the new plan, participants may access their accounts 24 hours a day by calling a toll-free number or via the internet. Customer service representatives are available each weekday from 7:00 am to 8:00 pm. The investments are flexible and diversified and there are fifteen options to choose from.

The most exciting feature of the new plan is the comprehensive educational strategy developed by ING. A dedicated representative from ING will be available to meet with you at least annually to discuss your retirement goals and needs.

RIGHTS AND RESPONSIBILITIES

Oklahoma Teachers Retirement System publications provide answers to general questions. You are responsible for resolving any questions about your retirement account. You are entitled to counseling from the staff concerning any questions you have about your retirement account. The System will not be held accountable for information that is contrary to statutes or administrative rules, regardless of who provides that information.

For details of how statutes and administrative rules may affect your retirement account, contact

OKLAHOMA TEACHERS RETIREMENT SYSTEM

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Website:

<http://www.ok.gov/TRS>

This Plan Summary provides general information summarizing the basic benefits available to members of the System. If conflict arises between information contained in this summary and state statutes or official Oklahoma Teachers Retirement System rules, the law and/or rule takes precedence.

Revised 02/2011

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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Section Two: Financial

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



OKLAHOMA TEACHERS

RETIREMENT SYSTEM



Mission Action Plan

Point Two: Protect and promote the financial interests of our Clients



OKLAHOMA TEACHERS RETIREMENT SYSTEM



Independent Auditors' Report

Board of Trustees
Teachers' Retirement System
of Oklahoma

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Oklahoma (the "System"), a part of the financial reporting entity of the State of Oklahoma, as of June 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System at June 30, 2011 and 2010, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2011, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's Discussion and Analysis and the Schedules of Funding Progress and Employers' Contributions, as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 7, 2011

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis

Management is pleased to present this discussion and analysis of the financial activities of the Oklahoma Teachers Retirement System ("OTRS" or the "System") for the years ended June 30, 2011, 2010, and 2009. The System is responsible for administering retirement benefits for a 401(a) defined benefit plan for all educational employees of the state of Oklahoma as well as a voluntary defined contribution plan, 403(b). The System was established on July 1, 1943 for the purpose of providing these retirement benefits and other specific benefits for qualified persons employed by public educational institutions. The main purpose of the System is to provide a primary source of lifetime retirement benefits relative to years of service at the time of retirement. It is the objective of the System to provide these benefits in a prudent, responsible, and cost-effective manner. Plan net assets are used to pay current and future benefits to retired clients.

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. OTRS's basic financial statements are comprised of three components: 1) *statement of plan net assets*, 2) *statement of changes in plan net assets*, and 3) *notes to the financial statements*. This report also contains *required supplementary information* in addition to the basic financial statements themselves.

The *statement of plan net assets* presents information on all of the System's assets and liabilities, with the difference between the two reported as *net assets held in trust for pension benefits and annuity benefits of electing members*. Over time, increases or decreases in net plan assets may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. Information relating to the System's ability to meet the cost of future benefit payments, is not shown on the *statement of plan net assets*, but is located in both the *notes to the financial statements* and the *required supplementary information*.

The *statement of changes in plan net assets* presents information showing how the System's net assets changed during the most recent fiscal year. Changes in net assets are recognized using the accrual basis of accounting, in which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned and become measurable.

The *notes to the financial statements* are critical to the reader's understanding of the financial status of the System. These notes include a description of the System, details on the cash and investments of the System, as well as contribution and benefit information.

The *required supplementary information* presents a Schedule of Funding Progress that provides historical trend information about the actuarially determined funded status of the System. The Schedule of Employers' Contributions provides historical trend information about the annual required contributions ("ARC") of the System and the contributions made to the System in relation to the ARC. Other supplementary information includes the Schedules of Administrative Expenses, the Schedules of Investment Expenses, and the Schedules of Professionals/Consultants Fees. These schedules provide additional analysis of the information provided in the financial statements.

Teachers' Retirement System of Oklahoma
Management's Discussion and Analysis (Continued)

CONDENSED FINANCIAL INFORMATION

Plan Net Assets as of June 30:

	2011	2010	2009	2011 % Change	2010 % Change
ASSETS					
Cash	\$ 14,348,481	\$ 9,646,573	\$ 6,340,103	48.74%	52.15%
Receivables	270,340,945	172,564,773	368,698,302	56.66%	-53.20%
Long and short-term investments, at fair value	10,349,078,808	8,519,177,169	7,479,921,376	21.48%	13.89%
Capital assets, net	874,921	187,847	224,182	365.76%	-16.21%
TOTAL INVESTMENTS AND OTHER ASSETS	10,634,643,155	8,701,576,362	7,855,183,963	22.22%	10.77%
Securities lending institutional daily assets fund	2,023,648,275	2,247,747,871	1,094,475,078	-9.97%	105.37%
TOTAL ASSETS	12,658,291,430	10,949,324,233	8,949,659,041	15.61%	22.34%
LIABILITIES					
Investment settlements and other liabilities	254,834,471	134,652,920	402,991,252	89.25%	-66.59%
Payable under securities lending agreement	2,023,648,275	2,247,747,871	1,094,475,078	-9.97%	105.37%
TOTAL LIABILITIES	2,278,482,746	2,382,400,791	1,497,466,330	-4.36%	59.10%
NET ASSETS					
Net assets held in trust for pension benefits	\$10,379,808,684	\$ 8,566,923,442	\$ 7,452,192,711	21.16%	14.96%

Changes in Plan Net Assets for the year ended June 30:

	2011	2010	2009	2011 % Change	2010 % Change
ADDITIONS:					
Member contributions	\$ 286,643,244	\$ 290,247,028	\$ 288,238,426	-1.24%	0.70%
Employer contributions	364,025,589	366,282,238	338,974,512	-0.62%	8.06%
Matching contributions	23,128,795	26,448,892	22,652,221	-12.55%	16.76%
Dedicated tax revenue	251,322,410	227,926,247	257,019,830	10.26%	-11.32%
Member tax shelter contributions	5,010,856	5,402,646	8,678,472	-7.25%	-37.75%
Net investment income gain (loss)	1,919,301,220	1,186,235,015	(1,461,365,729)	61.80%	-181.17%
Security lending net income	6,336,019	5,032,411	9,318,329	25.90%	-45.99%
TOTAL ADDITIONS	2,855,768,133	2,107,574,477	(536,483,939)	35.50%	-492.85%
DEDUCTIONS:					
Benefit payments	979,245,846	912,912,714	876,273,193	7.27%	4.18%
Refund of member contributions and tax sheltered annuity	58,920,565	74,951,443	75,692,946	-21.39%	-0.98%
Administrative expenses	4,716,480	4,979,589	5,216,493	-5.28%	-4.54%
TOTAL DEDUCTIONS	1,042,882,891	992,843,746	957,182,632	5.04%	3.73%
NET INCREASE (DECREASE)	1,812,885,242	1,114,730,731	(1,493,666,571)	62.63%	-174.63%
NET ASSETS, BEGINNING OF YEAR	8,566,923,442	7,452,192,711	8,945,859,282	14.96%	-16.70%
NET ASSETS, END OF YEAR	\$10,379,808,684	\$ 8,566,923,442	\$ 7,452,192,711	21.16%	14.96%

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis (Continued)

FINANCIAL HIGHLIGHTS AND ANALYSIS

The increase in net assets primarily is due to investment gains as a result of significant market improvement in FY 2011 and 2010. The total investment returns for FY 2011 and 2010 were 23.5% and 16.6%, respectively. Domestic and international equity, which compose 60.0% of the investment portfolio asset allocation, had the greatest increases at 34.0% and 28.4%, respectively. The decrease of 16.7% in 2009 was the result of a significant market loss due to weaknesses in the United States and global markets.

	2011	2010	2009	2007	2002
Plan net assets	\$ 10,379,808,684	\$ 8,566,923,442	\$ 7,452,192,711	\$ 9,651,041,863	\$ 5,696,883,206
Yearly % change	21.2%	15.0%	-16.7%	18.1%	-5.8%

As a result of the market decline in 2009, the total investment returns for the three, five, and ten-year periods are below the actuarial assumed rate of investment return for each of the periods. As mentioned above, the losses were due to weaknesses in the United States and global markets. The assumed actuarial rate of return is 8.0% for the one, three, five and ten-year periods as of June 30, 2011.

Total returns	1 year	3 year	5 year	10 year
2011	23.5%	6.5%	5.9%	6.9%
2010	16.6%	-3.1%	3.4%	4.4%
2009	-16.0%	-2.6%	2.3%	3.9%
2007	18.5%	12.8%	12.8%	(1)
2002	-5.4%	1.0%	7.0%	(1)

(1) Historical returns were not available for this time period

Benefit payments increased 7.3% in 2011 compared to 4.2% in 2010 and 8.6% in 2009. The increase in 2011 is a result of a 4.3% increase in the number of benefit recipients and a 1.7% increase in the average monthly benefit. The increase in 2010 and 2009 are a result of a 4.2% and 3.4% increase in the number of benefit recipients, respectively, and 1.9% and 3.2% increase in the average monthly benefit, respectively. Benefit payments in 2011 to retired members exceed contributions from contributing members and employers by \$108 million or a ratio of 1.12 to 1. A ratio of less than one is desirable because it signifies that the System is receiving more contributions than it pays out in benefits. The table on the following page reflects the ongoing employer and member contributions.

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis (Continued)

FINANCIAL HIGHLIGHTS AND ANALYSIS (Continued)

	2011	2010	2009	2007	2002
Member contributions	\$ 291,654,100	\$ 295,649,674	\$ 296,916,898	\$ 294,291,782	\$ 226,445,669
Employer contributions	364,025,589	366,282,238	338,974,512	271,012,403	210,829,995
Matching contributions	23,128,795	26,448,892	22,652,221	21,402,183	13,138,458
Dedicated tax revenue	251,322,410	227,926,247	257,019,830	243,501,987	141,057,868
Total contributions	930,130,894	916,307,051	915,563,461	830,208,355	591,471,990
Benefit payments	979,245,846	912,912,714	876,273,193	767,212,709	561,222,392
Refund of contributions	58,920,565	74,951,443	75,692,946	57,378,925	58,495,950
Total payments	\$ 1,038,166,411	\$ 987,864,157	\$ 951,966,139	\$ 824,591,634	\$ 619,718,342
Ratio benefit payments/ contributions	1.12	1.08	1.04	0.99	1.05

The number of benefit recipients increased 8.6% over the past three years from 46,796 to 50,829. Since 2002, the number of benefit recipients increased by 14,314 or 39.2%. The number of members retiring has remained relatively stable for the last five years.

	2011	2010	2009	2007	2002
Benefit recipients	50,829	48,756	46,796	43,506	36,515
Yearly % change	4.3%	4.2%	3.4%	4.1%	3.8%
Net increase	2,073	1,960	1,558	1,724	1,327

The following table reflects the average monthly benefit for service retirements. Over the ten-year period from 2002, the average benefit increased by \$291, or 23.4%. The retirement benefit payments increased 74.5% or \$418.0 million over this ten-year period. The increase in the average monthly benefits in FY 2009 and 2007 are due to cost-of-living adjustments ("COLAs") being granted by the state legislature to retirees. In FY 2011 and 2010 a COLA was not granted, however the average benefit increases are due to an increase in the average benefit received by the newer retirees.

	2011	2010	2009	2007	2002
Average benefit	\$ 1,537	\$ 1,511	\$ 1,483	\$ 1,419	\$ 1,246
Yearly % change	1.7%	1.9%	3.2%	3.4%	3.9%

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis (Continued)

The ratio of active members to retired members of the System is 1.73 to 1 in 2011 compared to 2.34 to 1 in 2002. Over the past ten years, the number of members contributing into the System increased 3.2%. During the same period, the number of retired members increased by 39.2%.

	2011	2010	2009	2007	2002
Members contributing	88,085	89,896	89,388	88,133	85,367
Yearly % change	-2.0%	0.6%	0.8%	1.1%	1.2%
Benefit recipients	50,829	48,756	46,796	43,506	36,515
Yearly % change	4.3%	4.2%	3.4%	4.1%	3.8%
Ratio contributing/retired	1.73	1.84	1.91	2.03	2.34

The measure of the progress in accumulating sufficient assets to meet the long-term benefit obligations is the funded status or the funded ratio of the System. The funded ratio is the actuarial value of assets expressed as a percentage of the actuarial accrued liability. The funding policy is the method to provide benefits, specified in the System, through the amounts and timing of contributions from the employers and the contributing clients. The excess of the actuarial accrued liability over the actuarial value of assets is the unfunded actuarial accrued liability ("UAAL"). The actuarial value of assets differs from the year-end fair value of the System's plan net assets by smoothing the effects of market fluctuations. In the calculation of the actuarial value of assets, 20% of the difference between the actual and assumed investment returns is included in the actuarial value of assets. During extended periods of market declines, the market value of the System's plan net assets usually will be less than the actuarial value of assets.

The 2011 actuarial valuation reflects a decrease in the UAAL from \$10,414 million to \$7,600 million, which resulted in the funded ratio increasing from 47.9% in FY 2010 to 56.7% in FY 2011. Based upon the current contribution schedule, the statutory contribution amounts are sufficient to amortize the UAAL. As of June 30, 2011 the funding period is 22.0 years, the funding period reported for June 30, 2010 was infinite. The decrease in the UAAL and resulting change to a 22.0 year funding period from an infinite funding period is principally due to the recognition of recent market gains and legislation passed during the FY 2011 legislative session; see Note K in the Notes to Financial Statements for further description. The FY 2010 and 2009 changes in funded ratio are the result of gains and losses on investments during those years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152 or (405) 521-2387.

STATEMENTS OF PLAN NET ASSETS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

As of June 30, 2011 (with Comparative Totals as of June 30, 2010)

			Comparative Totals June 30	
	401(a) Plan	403(b) Plan	2011	2010
ASSETS				
Cash	\$ 14,348,481	\$ -	\$ 14,348,481	\$ 9,646,573
Short-term investments	361,798,249	-	361,798,249	250,812,377
Accrued interest and dividends receivable	45,636,139	-	45,636,139	45,625,225
Member contributions receivable	22,103,498	-	22,103,498	22,482,144
Employer contributions receivable	34,484,109	-	34,484,109	34,553,310
Receivable from the State of Oklahoma	27,322,221	-	27,322,221	23,542,532
Due from brokers for securities sold	140,794,978	-	140,794,978	46,361,562
Security lending institutional daily assets fund	2,023,648,275	-	2,023,648,275	2,247,747,871
Long-term investments:				
Mutual funds	-	223,451,514	223,451,514	214,957,100
U.S. government securities	1,128,778,574	-	1,128,778,574	1,156,414,166
U.S. corporate bonds	1,970,357,378	-	1,970,357,378	1,851,427,843
International corporate bonds and government securities	70,083,523	-	70,083,523	60,291,600
Equity securities	6,594,609,570	-	6,594,609,570	4,985,274,083
Total long-term investments	9,763,829,045	223,451,514	9,987,280,559	8,268,364,792
Capital assets, net	874,921	-	874,921	187,847
TOTAL ASSETS	\$ 12,434,839,916	\$ 223,451,514	\$ 12,658,291,430	\$ 10,949,324,233
LIABILITIES				
Benefits in process of payment	\$ 80,477,110	\$ -	\$ 80,477,110	\$ 15,999,565
Due to brokers for securities purchased	164,155,126	-	164,155,126	110,597,489
Payable under security lending agreement	2,023,648,275	-	2,023,648,275	2,247,747,871
Other liabilities	10,202,235	-	10,202,235	8,055,866
TOTAL LIABILITIES	\$ 2,278,482,746	\$ -	\$ 2,278,482,746	\$ 2,382,400,791
NET ASSETS				
Net assets held in trust for pension benefits and annuity benefits of electing members	<u>\$ 10,156,357,170</u>	<u>\$ 223,451,514</u>	<u>\$ 10,379,808,684</u>	<u>\$ 8,566,923,442</u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

For the Year ended June 30, 2011

(with Comparative Totals for the year ended June 30, 2010)

	401(a) Plan	403(b) Plan	Comparative Totals Year Ended June 30	
			2011	2010
Additions:				
Members	\$ 286,643,244	\$ -	\$ 286,643,244	\$ 290,247,028
Members tax shelter	-	5,010,856	5,010,856	5,402,646
Employer statutory requirement from local school districts	364,025,589	-	364,025,589	366,282,238
Matching funds	23,128,795	-	23,128,795	26,448,892
Dedicated tax	251,322,410	-	251,322,410	227,926,247
Total contributions	925,120,038	5,010,856	930,130,894	916,307,051
Investment income:				
Interest & dividends	282,524,875	3,985,457	286,510,332	263,698,635
Net appreciation in fair value of investments	1,645,516,997	23,207,495	1,668,724,492	953,347,464
Investment expenses	(35,933,604)	-	(35,933,604)	(30,811,084)
Gain from investing activities	1,892,108,268	27,192,952	1,919,301,220	1,186,235,015
Income from securities lending activities:				
Securities lending income	7,454,140	-	7,454,140	6,119,998
Securities lending expenses:				
Management fees	(1,118,121)	-	(1,118,121)	(1,087,587)
Net income from securities lending activities	6,336,019	-	6,336,019	5,032,411
Net investment gain	1,898,444,287	27,192,952	1,925,637,239	1,191,267,426
Total additions	2,823,564,325	32,203,808	2,855,768,133	2,107,574,477
Deductions:				
Retirement, death, survivor, and health benefits	979,245,846	-	979,245,846	912,912,714
Refund of member contributions and annuity payments	35,211,171	23,709,394	58,920,565	74,951,443
Administrative expenses	4,716,480	-	4,716,480	4,979,589
Total deductions	1,019,173,497	23,709,394	1,042,882,891	992,843,746
NET INCREASE	1,804,390,828	8,494,414	1,812,885,242	1,114,730,731
NET ASSETS, BEGINNING OF YEAR	8,351,966,342	214,957,100	8,566,923,442	7,452,192,711
NET ASSETS, END OF YEAR	\$ 10,156,357,170	\$ 223,451,514	\$ 10,379,808,684	\$ 8,566,923,442

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE A--DESCRIPTION OF THE SYSTEM

The following brief description of the Teachers' Retirement System of Oklahoma (the "System") is provided for general information purposes only. Participants should refer to Title 70 of the Oklahoma Statutes, 1991, sections 17-101 through 121, as amended.

The System was established as of July 1, 1943, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the state of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the state of Oklahoma (the "State"). The supervisory authority for the management and operation of the System is a 13-member board of trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System administers a cost-sharing multiple-employer pension plan which is a defined benefit pension plan ("DB Plan") as well as a tax-deferred defined contribution plan ("DC Plan").

DB Plan

Oklahoma teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time, must join the System's DB Plan. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week. The DB Plan's membership consisted of the following as of June 30:

	2011	2010
Retirees and beneficiaries currently receiving benefits	50,829	48,756
Terminated vested clients	7,725	7,439
Active clients	88,085	89,896
	<u>146,639</u>	<u>146,091</u>

There are 614 contributing employers in the System. In addition, there were 7,498 and 7,206 of non-vested inactive members at June 30, 2011 and 2010, respectively, which are entitled to a refund of their accumulated contributions.

DC Plan

Members are also offered a tax-deferred defined contribution plan qualified under the Internal Revenue Code ("IRC") Section 403(b). The DC Plan is also referred to by the System as the Tax-Sheltered Annuity Plan. Membership in the DC Plan is voluntary and investments primarily consist of mutual funds and are participant directed. ING is responsible for administrative services, including custody and record keeping services.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE A--DESCRIPTION OF THE SYSTEM--Continued

DC Plan--Continued

The DC Plan had 4,408 and 4,669 participants as of June 30, 2011 and 2010, respectively. Contributions are voluntary and require a minimum of \$200 per year. The maximum deferral amount is the lesser of 100% of the participant's compensation or the maximum amount allowed by the IRC, currently \$16,500.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The System has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are funded through investment earnings.

Budgetary Control: The System prepares and submits an annual budget of operating expenses on the cash basis for monitoring and reporting to the Oklahoma Office of State Finance. The System's budget process follows the budget cycle for State operations as outlined by the Oklahoma Office of State Finance.

The Executive Director may approve changes within the budget, but a change to the total budget must be handled according to the provisions of Title 62 O.S. Sec. 41.12 of the Oklahoma Statutes.

Investments: The System is authorized to invest in eligible investments as approved by the board of trustees as set forth in the System's investment policy.

System investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the System's custodial agent, which is reported at cost, which approximates fair value. Debt and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The Security Lending Institutional Daily Assets Fund represents investment in JP Morgan's Institutional Daily Assets Fund and is carried at amortized cost, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Investments--Continued: Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from foreign currency translation gains and losses, securities lending income and expenses, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

International investment managers use forward foreign exchange contracts to enhance returns or to control volatility. Currency risks arise due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counter-parties. The System could incur a loss if its counter-parties failed to perform pursuant to the terms of their contractual obligations. At June 30, 2011, the System had forward currency contracts with fair values of \$58.7 million in receivables and had forward currency contracts with fair values of \$59.2 million in payables. The gains and losses on these contracts are included in the income in the period in which the exchange rates change. See Note C for additional information regarding investment derivatives as of June 30, 2011.

The System's investment policy provides for investment diversification of stocks, bonds, fixed income securities and other investment securities along with investment in commingled or mutual funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the statements of plan net assets.

Capital Assets: Capital assets are stated at cost when acquired, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years.

Risks and Uncertainties: Contributions to the System and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, employee compensation, and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Income Taxes: The System is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service (the "IRS") under Internal Revenue Code (the "IRC") Section 401(a). The System's 403(b) Plan is also tax exempt and has received a private letter ruling from the IRS.

Compensated Absences: It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement, or death. Sick leave does not vest to the employee and therefore is not recorded as a liability. Amounts due to the employees for compensated absences were approximately \$267,000 and \$275,000 at June 30, 2011 and 2010, respectively.

Plan Termination: In the event the System terminates, the board of trustees will distribute the net assets of the System to provide the following benefits in the order indicated:

Accumulated contributions will be allocated to each respective member, former member, retired member, joint annuitant, or beneficiary then receiving payments.

The balance of such assets, if any, will be allocated to each member then having an interest in the System based upon the excess of their retirement income under the System less the retirement income, which is equal to the actuarial equivalent of the amount allocated to them in accordance with the preceding paragraph in the following order:

- Those retired members, joint annuitants, or beneficiaries receiving payments,
- Those members eligible to retire,
- Those members eligible for early retirement,
- Former members electing to receive a vested benefit, and
- All other members.

Use of Estimates: The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in System net assets during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE C--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a counterparty, the System will not be able to recover the value of its bank deposits or investments. Bank deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. In relation to its bank deposits, the System is not considered to be exposed to custodial credit risk. Although the System does not have a formal bank deposit policy for custodial credit risk, the State Treasurer holds all of the System's bank deposits. As required by Oklahoma Statutes, all bank deposits held by the State Treasurer are insured by the Federal Deposit Insurance Corporation, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations.

At June 30, 2011 and 2010, the carrying amount of the System's bank deposits was approximately \$14,348,000 and \$9,647,000, respectively. The bank balance of the System's bank deposits at June 30, 2011 and 2010 was approximately \$11,459,000 and \$64,101,000, respectively.

Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the System, and are held by a counterparty or the counterparty's trust department but not in the name of the System. While the System's investment policy does not specifically address custodial credit risk it does limit the amount of cash equivalents and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2011 and 2010, the System had uninsured and uncollateralized cash and cash equivalents of approximately \$361,798,000 and \$250,812,000, respectively, with its custodial agent. The System's custodial agent for the years ended June 30, 2011 and 2010 was JP Morgan.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE C--CASH AND INVESTMENTS--Continued

Credit Risk: Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The System's investment policy requires that at the time of purchase all corporate bonds or debentures be at the highest rating of the four rating services recognized by the Comptroller of the Currency of the United States of America.

Investment Type	S&P Ratings (Unless Noted)	Fair Value <i>(Amounts in Thousands)</i>	Fair Value as a Percent of Total Fixed Maturity Fair Value
U.S. corporate bonds	AAA	\$ 162,686	5.14%
	AA+	14,455	0.46%
	AA	5,998	0.19%
	AA-	6,478	0.20%
	A+	49,256	1.55%
	A	66,924	2.11%
	A-	42,937	1.35%
	BBB+	53,400	1.68%
	BBB	171,543	5.41%
	BBB-	231,319	7.30%
	B+	131,845	4.16%
	B	131,084	4.14%
	B-	87,918	2.77%
	BB+	135,279	4.27%
	BB	170,552	5.38%
	BB-	180,979	5.71%
	CCC+	52,768	1.67%
	CCC	19,244	0.61%
	CCC-	4,685	0.15%
	CC	3,965	0.13%
	D	1,667	0.05%
	NR	245,375	7.74%
Total U.S. corporate bonds		\$ 1,970,357	62.17%
International corporate bonds	AAA	\$ 779	0.03%
	AA	752	0.02%
	AA-	3,580	0.11%
	A	1,424	0.04%
	BBB-	343	0.01%
	BBB-	1,027	0.03%
	BB-	1,431	0.05%
Total international corporate bonds		\$ 9,336	0.29%

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE C--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	S&P Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
		<i>(Amounts in Thousands)</i>	
International government securities	AAA	\$ 8,523	0.27%
	AA	682	0.02%
	A	10,713	0.34%
	BBB+	2,793	0.09%
	BBB	7,393	0.23%
	BBB-	13,446	0.42%
	BB+	832	0.03%
	BB	4,925	0.16%
	BB-	1,803	0.06%
	B+	2,051	0.06%
	B	3,700	0.12%
	CCC	2,528	0.08%
	NR	1,359	0.04%
Total international government securities		\$ 60,748	1.92%
Municipal bonds	AAA	\$ 3,144	0.09%
	AA+	2,489	0.08%
	AA	800	0.03%
	AA-	2,883	0.09%
	A+	1,719	0.05%
	A	1,603	0.05%
	A-	2,275	0.07%
	BBB+	865	0.03%
	BB+	518	0.02%
	NR	215	0.01%
Total municipal bonds		\$ 16,511	0.52%
U.S. government securities	AGY (1)	\$ 176,899	5.58%
	TSY (2)	653,144	20.61%
	AAA	282,225	8.91%
Total U.S. government securities		\$ 1,112,268	35.10%
		<u>\$ 3,169,220</u>	<u>100%</u>

(1) U.S. Agency securities - implicitly guaranteed by the U.S. Government.

(2) Treasury Securities which are explicitly guaranteed by the U.S. Government.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE C--CASH AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the System's investment policy does not specifically address the duration of fixed-income securities, the System's management does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, 2011, the System had the following investments with maturities:

Investment Type	Investment Maturities at Fair Value (in Years)				
	<i>(Amounts in Thousands)</i>				
	Less than One	One to Five	Five to Ten	More than Ten	Total Fair Value
U.S. corporate securities					
Asset-backed securities	\$ 32,231	\$ 53,009	\$ 6,036	\$ 6,994	\$ 98,270
CMO/REMIC/CMBS	86,315	658	21,935	77,799	186,707
Corporate bonds	<u>198,485</u>	<u>390,881</u>	<u>872,719</u>	<u>223,295</u>	<u>1,685,380</u>
	317,031	444,548	900,690	308,088	1,970,357
International corporate bonds	-	7,562	1,723	51	9,336
International government securities	10,110	16,240	11,214	23,184	60,748
Municipal bonds	1,544	-	696	14,271	16,511
U.S. government securities	<u>26,629</u>	<u>318,161</u>	<u>159,531</u>	<u>607,947</u>	<u>1,112,268</u>
	<u>\$ 355,314</u>	<u>\$ 786,511</u>	<u>\$1,073,854</u>	<u>\$ 953,541</u>	<u>\$3,169,220</u>

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE C--CASH AND INVESTMENTS--Continued

Foreign Currency Risk: Foreign currency risk is the potential risk for loss due to changes in exchange rates. The System's investment policy provides that international investment managers invest no more than 30% of their portfolio's total assets in one or more issuers in a single country, provided that in the U.K. such limit shall be 35%. Investment in cash and cash equivalents, foreign equities, and fixed-income securities as of June 30, 2011 is shown in the following table by monetary unit to indicate possible foreign currency risk.

<i>(Amounts in Thousands)</i>						
Currency	Equities	Corporate Bonds	Government Bonds	Foreign Exchange Contracts	Cash and Cash Equivalents	Grand Total
Australian Dollar	\$ 14,476	\$ 2,955	\$ -	\$ (12)	\$ -	\$ 17,419
Brazilian Real	20,498	-	11,052	(44)	-	31,506
British Pound Sterling	223,637	-	-	1	33	223,671
Canadian Dollar	30,489	1,431	173	(11)	766	32,848
Chilean Peso	592	-	-	-	-	592
Danish Krone	13,281	-	-	-	-	13,281
Euro	478,507	1,370	7,834	(420)	11,230	498,521
Hong Kong Dollar	84,503	-	-	-	35	84,538
Indian Rupee	-	-	2,818	-	-	2,818
Indonesian Rupiah	3,706	-	8,232	-	-	11,938
Israeli New Shekel	1,442	-	-	(2)	-	1,440
Japanese Yen	260,861	-	-	24	1,482	262,367
Malaysian Ringgit	5,313	-	-	-	-	5,313
Mexican Peso	12,229	-	6,364	-	-	18,593
New Zealand Dollar	2,770	-	-	-	-	2,770
Norwegian Krone	5,616	-	-	-	-	5,616
Philippine Peso	-	-	4,691	-	-	4,691
Polish Zloty	6,152	-	-	13	-	6,165
Singapore Dollar	5,875	-	-	1	-	5,876
South African Rand	13,677	-	-	(21)	-	13,656
South Korean Won	34,098	3,580	1,413	-	14	39,105
Swedish Krona	20,491	-	-	-	-	20,491
Swiss Franc	86,504	-	-	5	-	86,509
Taiwan Dollar	17,803	-	-	-	805	18,608
Thai Baht	3,216	-	-	-	-	3,216
Turkish New Lira	5,425	-	-	-	-	5,425
Total	<u>1,351,161</u>	<u>9,336</u>	<u>42,577</u>	<u>(466)</u>	<u>14,365</u>	<u>1,416,973</u>
Not subject to foreign currency risk	-	-	18,171	-	-	18,171
Total	<u>\$ 1,351,161</u>	<u>\$ 9,336</u>	<u>\$ 60,748</u>	<u>\$ (466)</u>	<u>\$ 14,365</u>	<u>\$ 1,435,144</u>

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE C--CASH AND INVESTMENTS--Continued

Derivative Instruments: The System's investment derivatives include forward currency contracts. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the System's investment policy. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

<i>(Amounts in Thousands)</i>					
Investment Derivatives	Classification	Change in fair value Amount	Classification	Fair Value at June 30, 2011 Amount	Notional
Foreign Currency Forward	Investment income	\$ (2,277)	Investments	\$ (466)	\$ (624,240)

A foreign currency forward contract is an agreement that obligates the parties to exchange given quantities of currencies at a pre-specified exchange rate on a certain future date. The fair values of the forward contracts are estimated based on the present value of their estimated future cash flows.

The foreign currency forward contracts subject the System to foreign currency risk because the investments are denominated in international currencies. The risks are described in foreign currency risk schedule where the fair value of the foreign currency contracts in U.S. dollars is presented.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE D--SECURITIES LENDING ACTIVITY

The System's investment policy and State statutes provide for its participation in a securities lending program. The program is administered by the System's master custodian and there are no restrictions on the amount of loans that can be made. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U. S. Treasury or government agency securities, or letters of credit issued by approved banks. Under the terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% when the security to be loaned and the collateral are in the same currency and 105% when the loan and collateral currencies are dissimilar.

The fair value of securities on loan at June 30, 2011 was approximately \$2,187,781,000. The underlying collateral for these securities had a fair value of approximately \$2,229,583,000 at June 30, 2011. Collateral of securities and letters of credit represented approximately \$205,935,000 of total collateral at June 30, 2011. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the accompanying statements of plan net assets. The following table describes the types of securities lent and collateral as of June 30, 2011.

Type of securities on loan	<i>(Amounts in Thousands)</i>	
	Market Value of Securities on Loan	Collateral Value
Government loans compared to cash collateral	\$ 432,795	\$ 443,863
Equity loans compared to cash collateral	1,552,616	1,579,785
Government loans compared to non-cash collateral	199,527	203,058
Government loans compared to non-cash collateral	2,843	2,877
	<u>\$ 2,187,781</u>	<u>\$ 2,229,583</u>

At June 30, 2011, the System had no credit risk exposure since the amounts the System owed to borrowers exceeded the amounts borrowers owed the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. In the event of a collateral shortfall due to a loss in value of investments made with cash collateral, such loss would be the responsibility of the System. The System previously held a \$35 million position in JP Morgan's securities lending program with Lehman Brothers bonds as collateral. At June 30, 2010 the market value had increased to \$6.8 million, resulting in an unrealized gain of \$1.7 million in the statement of changes in plan net assets. At June 30, 2011 the market value had increased to \$9.0 million, resulting in an unrealized gain of \$2.2 million in the statement of changes in plan net assets. The outcome of the Lehman Brothers bankruptcy has yet to be determined at November 7, 2011.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE D--SECURITIES LENDING ACTIVITY--Continued

All securities loans can be terminated on demand by either the System or the borrower. Cash collateral is invested in a separate account for the System in accordance with investment guidelines approved by the System. At June 30, 2011 and 2010, the weighted average maturity of the cash collateral investments was 24 days and 23 days, respectively. The cash collateral investments are structured and maintained by the lending agent's investment desk utilizing an asset and liability methodology designed to manage to an appropriate extent any mismatch between the investment maturities and the System's loans.

NOTE E--CAPITAL ASSETS

Capital assets consist of the following at June 30:

	<i>(Amounts in Thousands)</i>	
	2011	2010
Furniture and fixtures	\$ 1,908	\$ 1,289
Accumulated depreciation	(1,033)	(1,101)
Capital assets, net	<u>\$ 875</u>	<u>\$ 188</u>

The System has commitments to lease building space as well as leases on certain equipment. The future minimum commitment for operating leases as of June 30, 2011 was approximately \$185,000. The System's leases are one-year renewable contracts. Rental expense for all operating leases amounted to approximately \$213,000 and \$228,000 for the years ended June 30, 2011 and 2010, respectively.

NOTE F--RESERVE AND DESIGNATED FUNDS

The amount included in the Teachers' Deposit Fund, the Expense Fund, and the Capital Assets Fund is not available to pay regular retirement benefits. A brief description of the funds is as follows:

The Teachers' Deposit Fund represents funds in the DC Plan. During FY 2010, the System hired ING as the service provider for the DC Plan. This process was undertaken to steadfastly provide a supplemental retirement program that will enhance the System's clients' retirement future. ING provides a comprehensive educational strategy, an array of investment options, clients have 24 hours a day access to their accounts on line, and dedicated customer service representatives available each weekday from 7:00 am to 7:00 pm.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE F--RESERVE AND DESIGNATED FUNDS--Continued

- The Expense Fund represents funds accumulated to pay for the expense of administering and maintaining the System budgeted for the next fiscal year plus any accrued administrative costs as of the current fiscal year-end.
- The Capital Assets Fund represents the net book value of furniture and fixtures for the System.

The Funds had the following approximate balances at June 30:

	<i>(Amounts in Thousands)</i>	
	2011	2010
Teachers' deposit fund (DC Plan)	\$ 223,452	\$ 214,957
Expense fund	61,830	64,297
Capital assets fund	875	188
	<u>\$ 286,157</u>	<u>\$ 279,442</u>

NOTE G--CONTRIBUTIONS

All contribution rates are defined or amended by the Oklahoma Legislature. All active members contribute to the System; however, the employer may elect to make all or part of the contribution for its employees. There are special provisions for members of higher education who joined the System before July 1, 1995. The annual employer contributions reported for the years ended June 30, 2011 and 2010 were \$364,025,589 and \$366,282,238, respectively. Employers satisfied 100% of their contribution requirements for 2011 and 2010.

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level, which for the years ended June 30, 2011 and 2010, was the full amount of regular annual compensation.

The employers are required to contribute a fixed percentage of annual compensation on behalf of active clients. The employer contribution rate was 7.85% from July 1, 2007 to December 31, 2007; 8.35% from January 1, 2008 to June 30, 2008; 8.5% on July 1, 2008; 9% from January 1, 2009 to December 31, 2009; and 9.5% on January 1, 2010 for all remitting entities other than comprehensive and four year regional universities. The employer contribution rate was 7.05% from July 1, 2007 to December 31, 2007; 7.55% starting on January 1, 2008; 8.05% starting on January 1, 2009; and 8.55% starting on January 1, 2010 for comprehensive and four year universities. The rates for fiscal years 2011 and 2010 are applied on the full amount of the Client's regular annual compensation up to certain limits prescribed by the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE H--BENEFITS

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members, who joined the System on June 30, 1992, or prior, are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 is calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE H--BENEFITS--Continued

- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, the System remits between \$100 and \$105 per month per eligible retiree to the Oklahoma State and Education Employees Group Insurance Board ("OSEEGIB"), depending on the members' years of service during 2011 and 2010. Such amounts were approximately \$29,405,000 and \$29,916,000 in 2011 and 2010, respectively, and are included in retirement and other benefits expense. Amounts due to OSEEGIB at June 30, 2011 and 2010, respectively are approximately \$2,424,000 and \$2,394,000 and are included in benefits in process of payment. The System performs no administrative functions related to the benefits provided by OSEEGIB and the payments have a minimal and declining impact on the operation of the System.

NOTE I--DEDICATED TAX

The System receives 5.0% of the State's sales, use, and corporate and individual income taxes collected as dedicated tax. The System receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. The System received approximately \$251,322,000 and \$227,926,000 from the State in 2011 and 2010, respectively. Amounts due from the State were approximately \$27,322,000 and \$23,543,000 at June 30, 2011 and 2010, respectively.

NOTE J--PENSION PLAN FOR EMPLOYEES OF THE SYSTEM

The System also makes employer contributions for its employees who are also members of the System. The System's contributions are under the same terms as other participating employers, as discussed in Note G. In addition to the employer contributions, the System also pays the employees' contributions as a fringe benefit. Benefits paid to members that worked for the System are the same as those described in Note H. The total employee contributions paid by the System for its employees were approximately \$188,135, \$204,000, and \$211,000 for the years ended June 30, 2011, 2010, and 2009, respectively. Total employer contributions paid by the System were approximately \$256,269 and \$251,000, and \$264,000 for the years ended June 30, 2011, 2010, and 2009 respectively. The employer contributions for FY 2011, 2010, and 2009 were 77.6%, 83.6%, and 86.6%, respectively, of the actuarial determined annual required contribution amounts and 100% of the contribution rate amounts determined by the legislature.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE K--PLAN AMENDMENTS

This year's legislative session resulted in several major pension reforms under Senate Bills (SB) 377 and 782 and House Bill ("HB") 2132.

SB 782 eliminated the requirement that statewide retirement systems report a second set of actuarial valuation results to the Oklahoma State Pension Commission using specified actuarial assumptions. These laws will go into effect after July 1, 2011.

SB 377 changes the eligibility conditions for both normal and early retirement members hired on or after November 1, 2011. Members will be eligible for normal retirement at the earlier of age 65 with 5 years of service or when their age plus service equals 90 (rule of 90) with a minimum age of 60. Members will be eligible for early (reduced) retirement at age 60 with 5 years of service.

HB 2132 requires that if the Legislature provides any of the state pension system retirees a cost of living adjustment (COLA), then the Legislature must provide funding for the increased costs, exceeding the unfunded mandate to the retirement system. HB 2132 helped to reduce the System's unfunded liability from \$10,414 million to \$7,600 million and increases the System's funded ratio from 47.9% to 56.7% as of June 30, 2011.

NOTE L--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System increased from the funding level at June 30, 2010. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial accrued liability (the "UAAL") is 22.0 years. The actuarial accrued liability decreased by \$2,419.8 million and the actuarial value of assets increased \$394 million. As a result, the System's unfunded actuarial accrued liabilities decreased \$2,814 million to \$7,600 million at June 30, 2011. The funded ratio - actuarial value of assets divided by actuarial accrued liability - increased from 47.9% to 56.7%.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE L--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION--Continued

The decrease in the UAAL and the funding period is principally due to significant market asset gains as well as changes in assumptions effective in the June 30, 2011 valuation. Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the UAAL is expected to continue increasing from the current level until fiscal year 2013 and decreasing through June 30, 2033 and beyond. The current contribution schedule results in contributions sufficient to cover the interest on the current UAAL plus the normal cost resulting in negative amortization.

The funded status of the System as of June 30, 2011, the most recent actuarial date, is as follows:

	<i>(Amounts in Millions)</i>	
Actuarial value of assets (a)	\$	9,960.6
Actuarial accrued liability (AAL) (b)	\$	17,560.8
Total unfunded actuarial accrued liability (UAAL) (b-a)	\$	7,600.2
Funded ratio (a/b)		56.7%
Covered payroll	\$	3,733.3
UAAL as a percentage of covered payroll		201.4%

The Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The figures above (the UAAL, the funded ratio, and the funded period) are based on actuarial calculations that make use of the actuarial value of assets, not the fair value. Asset gains and losses (earnings greater or less than the 8% investment return assumption) are recognized 20% per year for five years in the actuarial value of assets; the current actuarial value (\$9,961 million) is \$195 million smaller than the market value of net assets (\$10,156 million).

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2011 are as follows:

Funding Method: Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for the System, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the System.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2011

NOTE L--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION--Continued

Funding Method--Continued: Experience gains and losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumption) adjust the unfunded actuarial accrued liability.

Asset Valuation Method: The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

Amortization: The unfunded actuarial accrued liability is amortized on a percent of pay method over a 30-year open period.

Investment Return: 8% per annum, compounded annually (includes inflation of 3%).

Salary Increases: 4% to 12% per year (includes inflation of 3% and a productivity increase of 1%).

Based on an experience study for the 5 years ended June 30, 2010 certain actuarial assumptions were changed such as modifications to disability, termination and retirement rates. Additionally, the salary increase rate changed from a range of 4% to 6% per year, to 4% to 12% per year and certain mortality rate tables were changed.

SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF
EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

(Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a / b)	Annual Covered Payroll	UAAL as % of Covered Payroll ((b-a) / c)
June 30, 2006	\$ 7,470.4	\$ 15,143.4	\$ 7,672.9	49.3%	\$ 3,354.9	228.7%
June 30, 2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%
June 30, 2008	9,256.8	18,346.9	9,090.1	50.5%	3,751.4	242.3%
June 30, 2009	9,439.0	18,950.9	9,512.0	49.8%	3,807.9	249.8%
June 30, 2010	9,566.7	19,980.6	10,414.0	47.9%	3,854.8	270.2%
June 30, 2011	9,960.6	17,560.8	7,600.2	56.7%	3,773.3	201.4%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 535,228,038	85.8%
2007	575,745,142	93.1%
2008	590,495,652	101.1%
2009	714,367,558	86.6%
2010	742,286,289	83.6%
2011	822,419,996	77.6%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

Unaudited - see accompanying independent auditors' report.

SCHEDULES OF INVESTMENT EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	2011	2010
Investment managers	\$ 35,208,804	\$ 30,038,521
Investment consultants	702,000	768,424
Investment information services	22,800	4,139
Total investment expenses	<u>\$ 35,933,604</u>	<u>\$ 30,811,084</u>

See accompanying independent auditors' report.

SCHEDULES OF ADMINISTRATIVE EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	2011	2010
Salaries and benefits	\$ 3,293,768	\$ 3,527,880
General and miscellaneous	826,192	829,973
Professional/consultant fees	446,770	450,095
Travel and related expenses	106,717	106,981
Depreciation expense	43,033	64,660
Total administrative expenses	<u>\$ 4,716,480</u>	<u>\$ 4,979,589</u>

See accompanying independent auditors' report.

SCHEDULES OF PROFESSIONAL/CONSULTANT FEES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	2011	2010
Actuarial	\$ 123,661	\$ 99,368
Medical	9,590	9,600
Legal	88,714	69,735
Audit	44,800	44,800
Data processing	12,518	120,505
Miscellaneous	167,487	106,087
Total professional/ consultant fees	<u>\$ 446,770</u>	<u>\$ 450,095</u>

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Teachers' Retirement System of Oklahoma

We have audited the financial statements of Teachers' Retirement System of Oklahoma (the "System"), which is a component unit of the state of Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 7, 2011, which includes explanatory paragraphs related to the System's required supplementary information and other supplementary information. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the System as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, the Oklahoma State Auditor and Inspector, and management and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 7, 2011

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Section Three: Investment

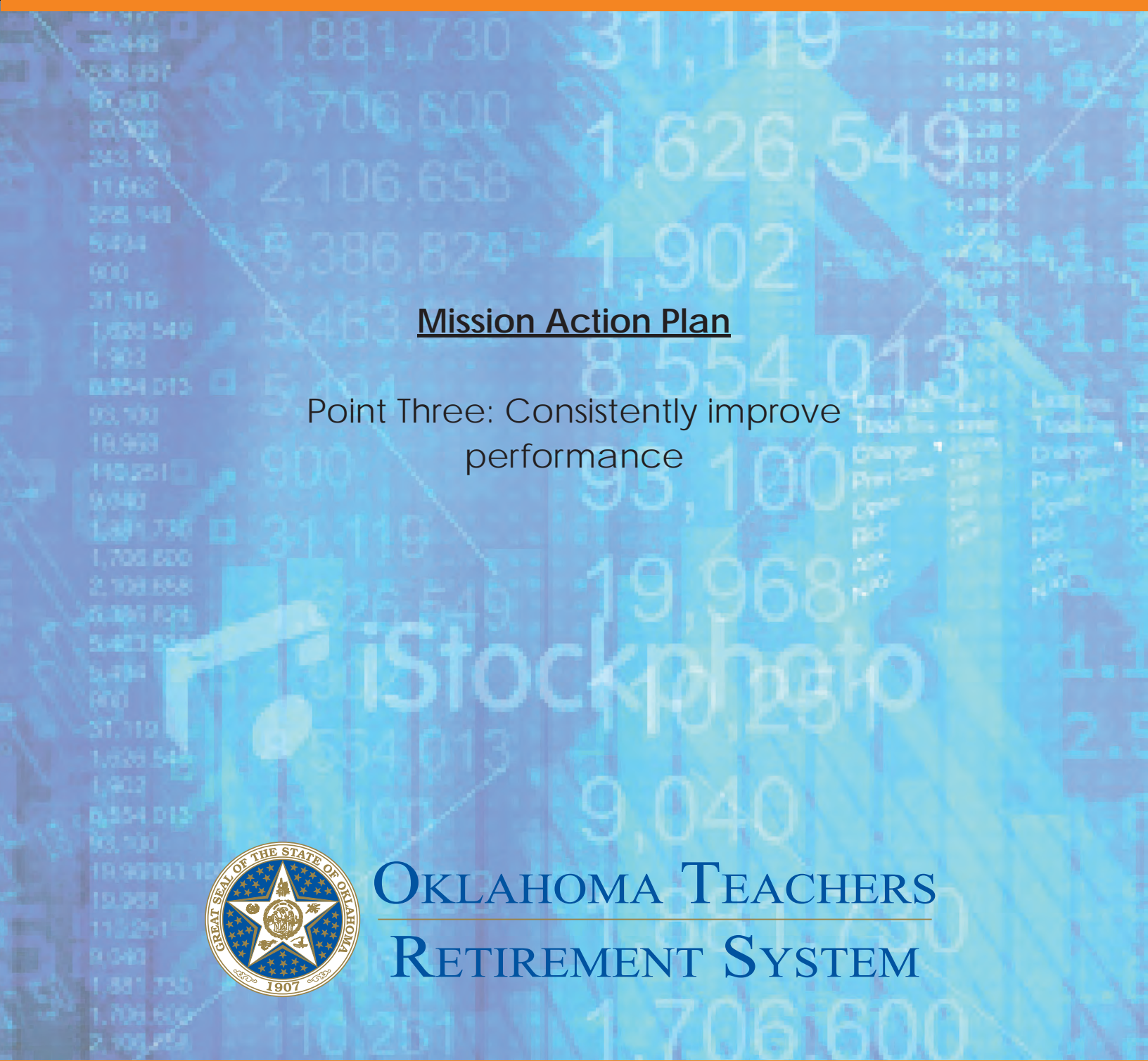
Comprehensive Annual
Financial Report

Fiscal Year Ended June 30, 2011



OKLAHOMA TEACHERS

RETIREMENT SYSTEM



Mission Action Plan

Point Three: Consistently improve performance



OKLAHOMA TEACHERS RETIREMENT SYSTEM



TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
PROFESSIONAL CONSULTANTS AND ADVISORS

DOMESTIC EQUITY MANAGERS

Advisory Research, Inc., *All-Capitalization*
Chicago, Illinois
Aronson + Johnson + Ortiz, *Mid-Capitalization Core*
Philadelphia, Pennsylvania
Epoch Investment Partners, Inc., *All-Capitalization*
New York City, New York
Frontier Asset Management, *Mid-Capitalization Growth*
Boston, Massachusetts
Goldman Sachs Asset Management, *Large-Capitalization Growth*
Tampa, Florida
Hotchkis & Wiley Investment, *Large-Capitalization Value*
Los Angeles, California
Hotchkis & Wiley Investment, *Mid-Capitalization Value*
Los Angeles, California
Sawgrass Asset Management, LLC, *Large-Capitalization Growth*
Jacksonville Beach, Florida
Shapiro Capital Management Company, Inc., *Small-Capitalization Value*
Atlanta, Georgia
Tocqueville Asset Management, LP, *Small-Capitalization Value*
New York City, New York
Wellington Management Company, LLP, *Mid-Capitalization Growth*
Boston, Massachusetts

DOMESTIC FIXED INCOME MANAGERS

Hoisington Investment Management Company, *Interest Rate Sensitive*
Austin, Texas
Loomis, Sayles & Company, LP, *Active*
Chicago, Illinois
Lord Abbett & Company, LLC, *Core+ Active*
Jersey City, New Jersey
MacKay Shields, LLC, *Core+ Active*
New York City, New York
Pacific Investment Management Company, *Active*
Newport Beach, California
Stephens Capital Management, *Interest Rate Sensitive*
Little Rock, Arkansas

INTERNATIONAL EQUITY MANAGERS

Brandes Investment Partners, LP
San Diego, California
Capital Guardian
San Francisco, California
Causeway Capital Management, LLC
Los Angeles, California
Thornburg Investment Management, Inc.
Santa Fe, New Mexico

MASTER LIMITED PARTNERSHIPS

Chickasaw Capital Management
Memphis, Tennessee
Swank Capital LLC
Dallas, Texas

PRIVATE EQUITY MANAGERS

Franklin Park, LLC, Private Equity
Bala Cynwyd, Pennsylvania

REAL ESTATE

Heitman Real Estate
Chicago, Illinois
L & B Real Estate
Dallas, Texas

ADVISORS AND CONSULTANTS

JP Morgan, World Wide Securities Services, *Global Custodian/Securities Lending*
Oklahoma City, Oklahoma
gregorywgroup, *Investment Consultant*
Tulsa, Oklahoma
Gabriel, Roeder, Smith & Company, *Actuarial Consultant*
Dallas, Texas
Cole & Reed, PC, *External Auditor*
Office of the Attorney General, *Legal Counsel*
Oklahoma City, Oklahoma

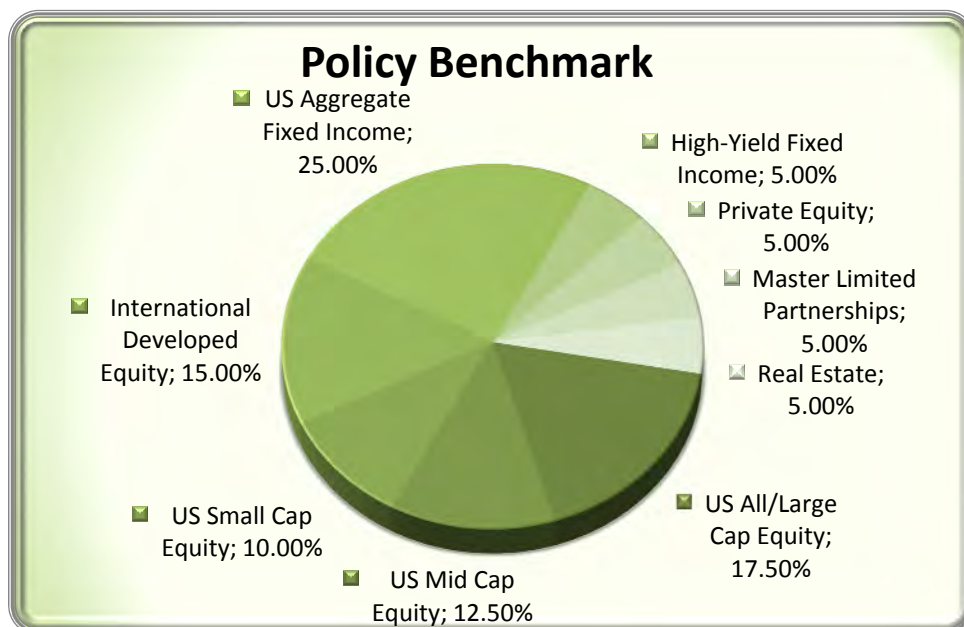
STATEMENT OF INVESTMENT POLICIES

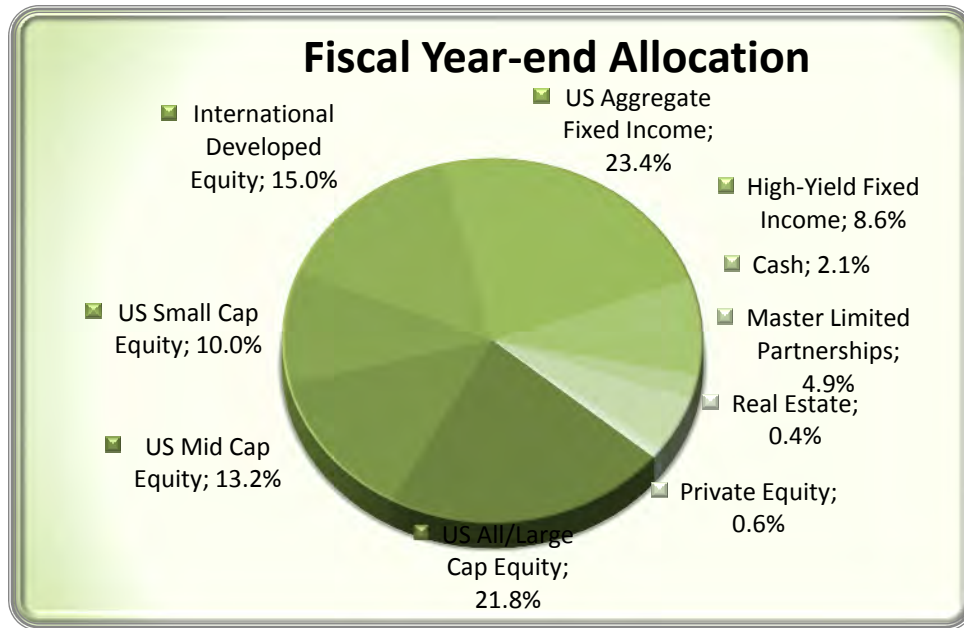
The Oklahoma Teachers Retirement System (OTRS) policies and procedures provide for a prudent and systematic investment process on behalf of its members, allowing for reasonable expenses of administration of the Fund, and providing for an orderly means whereby employees may be retired from active service with all pension benefits allowed by Oklahoma statutes. The Standard of Investment for the Board of Trustees in making investments shall be to exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like-capacity and familiar with such matters would use in the conduct of an enterprise of a like-character.

The Board of Trustees diversifies investments to minimize risk. The investment objectives of the Board, as fiduciaries, are long-term rather than short-term. Board policy takes into consideration actuarial assumptions of the retirement program and any unfunded liabilities.

INVESTMENT POLICY ALLOCATION

In the pursuit of long-term returns in excess of our 8.0 percent actuarial assumption, while maintaining the goal of capital preservation, OTRS has codified diversified policy asset allocation. The resulting diversified portfolio is designed to enhance long-term returns while mitigating short-term variability. The those ends the OTRS policy allocation exposes a 70 percent allocation to domestic and developed market equities, and a 30 percent allocation to fixed income. All investments are managed by external active managers.



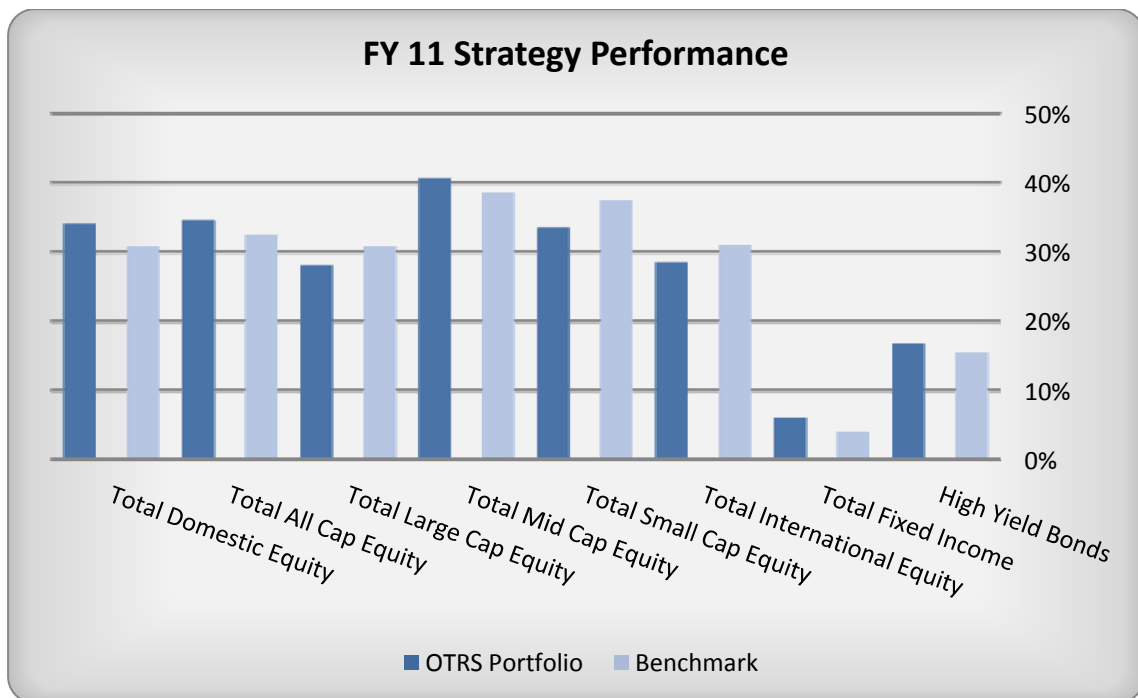


INVESTMENT PERFORMANCE

To achieve the investment goals set forth by the OTRS Investment Policy Guidelines, the Board of Trustees employs a strategy of active management. For the Fiscal Year 2011 the Fund realized a, gross of fees, rate of return of 23.5 percent.

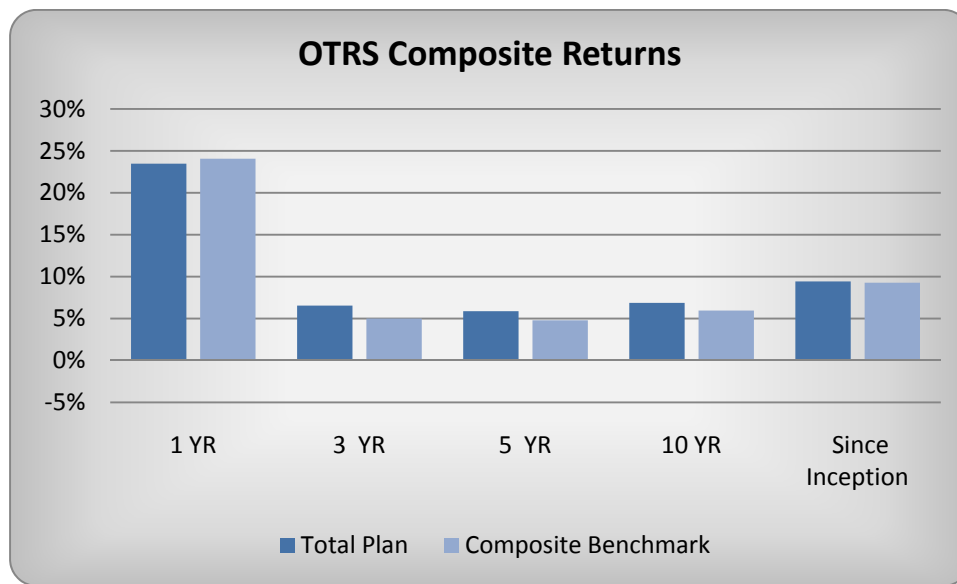
This report is prepared by:

Nick Pointer
Investment Analyst



* All returns are calculated on a time-weighted basis

The Board of Trustees has established an investment goal to exceed the policy benchmark by at least 1 percent, net of fees. Since inception the OTRS Composite has returned 9.43 percent, gross of fees, while the policy benchmark has returned 9.28 percent.



* Policy benchmark consists of 28% S&P 500, 15% Russell Midcap, 10% Russell 2000, 17% MSCI EAFE, 30% Lehman Aggregate

Top Ten Holdings

As of the fiscal year ended June 30, 2011 the top ten holdings comprised approximately \$554 million of the total OTRS portfolio. The top ten holding constituted 5.7 percent of total portfolio.

Row Labels	Sum of Market Value
PIMCO DISTRESSED MORTGAGE FUND	\$82,123,665.98
UNITED STATES OF AMER TREAS BONDS 4.25% BDS	\$64,908,799.80 ¹
MICROSOFT CORP COM STK USD0.00000625	\$63,346,556.00
PIMCO DISTRESSED MORTGAGE FUND II	\$58,938,762.46
APPLE INC COM STK NPV	\$53,076,476.07
UNITED STATES TREAS NTS 1.750% 31/MAY/2016	\$51,632,421.12 ¹
OTRS LEGACY FUND	\$47,947,663.00
UNITED STATES TREAS NTS 3.625% 15/AUG/2019	\$46,491,783.45 ¹
U S TREAS BD STRIPPED PRIN PMT 6.125% 15/NOV/2027	\$45,414,223.00 ¹
USA TREASURY BDS 4.5% DEB 15/FEB/2036 USD1000	\$39,787,440.00 ¹
Grand Total	\$553,667,790.88

***A comprehensive list of the OTRS investments at June 30, 2011 may be obtained by contacting the OTRS Investment Associate.**

¹Securities are explicitly guaranteed by the U.S. Government.

Investment Expenses

For the Fiscal Year 2011, investment fees paid to investment management firms employed by the System were as follows:

<u>Investment Manager</u>	<u>Fees Paid</u>
GREGORY W. GROUP	702,000
ADVISORY RESEARCH	1,236,313
ARONSON+JOHNSON+ORTIZ	433,665
BRANDES INVESTMENT	1,843,799
CAPITAL GUARDIAN	1,970,586
CAUSEWAY CAPITAL	1,194,482
CHICKASAW CAPITAL	388,222
EPOCH	1,860,824
FAMCO	436,363
FRONTIER CAPITOL	2,050,011
GOLMAN SACHS	971,161
HOISINGTON INVESTMENT	460,461
LOOMIS SAYLES	868,964

LOOMIS SAYLES HIGH YIELD	1,382,440
LORD ABBETT	992,398
LORD ABBETT HIGH YIELD	1,074,006
MACKAY SHIELDS	1,213,840
MACKAY HIGH YIELD	1,260,573
MERRILL LYNCH (HOTCHKIS & WILEY)	1,260,322
MERRILL LYNCH (HOTCHKIS & WILEY MID-CAP)	1,722,108
PACIFIC INVESTMENT MANAGEMENT	76,158
SAWGRASS	1,766,457
SHAPIRO CAPITAL	3,891,164
STEPHENS INC	501,911
SWANK CAPITAL	210,971
THORNBURG	1,567,553
TOCQUEVILLE ASSET MANAGEMENT	3,076,747
WELLINGTON	1,497,304
TOTAL	<u>\$35,910,803</u>

Row Labels	Sum of Quantity	Sum of Commission Base	Sum of Commissions per Share
120 EUROCLEAR (120) ** EUROCLEAR **	714.00	417.66	0.585
491 MORGAN STANLEY & CO INTL LDN ** EURO	2,634.00	153.30	0.058
491 MORGAN STANLEY ** EUROCLEAR **	552.00	141.04	0.256
515 NOMURA INTL ** EUROCLEAR **	6,990.00	132.70	0.019
581 MERRILL LYNCH ** EUROCLEAR **	231,799.00	3,196.81	0.014
601 ** EUROCLEAR **	1,720.00	791.46	0.460
601 SALOMON BROS ** EUROCLEAR **	9,474.00	428.41	0.045
778 CEDEL BANK ** CEDEL **	116,346.00	1,554.42	0.013
ABEL NOSER CORP	9,269,835.00	177,541.75	0.019
ABG SECURITIES, OSLO	93,672.00	4,002.86	0.043
ABN AMRO BANK N.V. HONG KONG	1,805.00	11.00	0.006
AMERICAN TECHNOLOGY RESEARCH INC	41,600.00	1,835.00	0.044
ANDOVER CAPITAL PARTNERS LLC	64,000.00	1,920.00	0.030
AQUA SECURITIES, L.P.	132,400.00	2,648.00	0.020
AURIGA USA LLC	69,500.00	3,475.00	0.050
AVIAN SECURITIES, INC.	252,900.00	5,058.00	0.020
AVONDALE PARTNERS, LLC	167,000.00	7,622.00	0.046
B RILEY AND CO INC	49,000.00	2,450.00	0.050
BANCO PACTUAL_S.A. RIO DE JANEIRO	13,500.00	315.10	0.023
BANCO SANTANDER CENTRAL NY	26,100.00	261.32	0.010
BANK J VONTOBEL UND CO	14,973.00	2,001.50	0.134
BANK OF NEW YORK BRUSSELS	75,095.00	375.13	0.005
BARCLAYS CAPITAL INC	48,027.00	2,473.99	0.052
BARCLAYS CAPITAL INC./LE	747,178.00	19,784.67	0.026
BARCLAYS CAPITAL LE	8,537,796.00	239,156.13	0.028
BARCLAYS CAPITAL SECURITIES LTD	2,454,333.00	35,724.09	0.015
BAYERISCHE HYPO UND VEREINSBANK.	67,260.00	1,219.42	0.018
BAYPOINT TRADING LLC	1,875,383.00	38,652.48	0.021

BEAR STEARNS & CO INC.	3,757,246.00	122,734.58	0.033
BGC BROKERS L.P.	34,600.00	842.65	0.024
BLOOMBERG TRADEBOOK LLC	680,138.00	3,400.81	0.005
BMO CAPITAL MARKETS CORP.	303,700.00	13,087.50	0.043
BNP PARIBAS SECURITIES (ASIA) LTD.	338,499.00	5,134.12	0.015
BNP PARIBAS SECURITIES CORP IB	126,700.00	2,534.00	0.020
BNP PARIBAS SECURITY SVCS, LONDON	305,749.00	4,317.66	0.014
BNP SECURITIES (U.S.A.), INC	55,700.00	1,721.00	0.031
BNY CONVERGEX EXECUTION SOLUTIONS LLC	3,193,125.00	30,047.35	0.009
BNY/HVB CLEARING	3,471.00	167.30	0.048
BOENNING & SCATTERGOOD INC	28,500.00	1,140.00	0.040
BREAN MURRAY CARRET& CO LLC	84,264.00	2,668.92	0.032
BROAD COURT CAP CORP SUB DIV MERRILL	367,595.00	18,159.85	0.049
BT/DEUTSCHE BANK AG, LONDON	4,233.00	201.13	0.048
BUCKINGHAM RESEARCH GROUP INC	382,987.00	17,386.05	0.045
BUNTING WARBURG INC.	28,700.00	834.54	0.029
CA IB INVESTMENTBANK AG, LONDON	151,900.00	2,909.41	0.019
CABRERA CAPITAL MARKETS	156,940.00	3,934.20	0.025
CALYON SECURITIES (USA) DTC00651	3,101,873.00	12,885.92	0.004
CALYON SECURITIES (USA) INC.	323,984.00	3,329.89	0.010
CANACCORD CAPITAL CORP VANCOUVER	18,600.00	799.52	0.043
CANACCORD ADAMS, INC	447,300.00	18,004.00	0.040
CANTOR FITZGERALD & CO INC	6,866,339.00	159,114.75	0.023
CANTOR FITZGERALD EUROPE LONDON	25,200.00	127.20	0.005
CANTOR FITZGERALD/MIS BROKERS	558.00	11.16	0.020
CAP INSTITUTIONAL SERVICES INC-EQ	1,941,551.00	81,326.70	0.042
CARIS AND COMPANY INC.	7,600.00	380.00	0.050
CHASE MANHATTAN BK TOKYO	27,076.00	622.50	0.023
CHINA INTL CAPITAL CORP HK SECS LTD	2,118,500.00	2,945.15	0.001
CI NORDIC SECURITIES_AB_STOCKHOLM	62,660.00	2,521.16	0.040
CIBC NEW YORK	11,300.00	444.85	0.039
CIBC WORLD MARKETS CORP.	24,500.00	1,089.00	0.044
CIBC WORLD MARKETS TORONTO	233,134.00	9,197.25	0.039
CIMB INVESTMENT BANK BERHAD	121,100.00	494.03	0.004
CIMB-GK SECURITIES PTE. LTD.	280,000.00	1,824.05	0.007
CITIGROUP GBL MARKETS UK EQUITY LT	757,256.00	7,818.39	0.010
CITIGROUP GLOBAL MARKETS INC, NY	10,098,355.00	37,631.05	0.004
CITIGROUP GLOBAL MARKETS INC.	2,389,660.00	85,727.96	0.036
CITIGROUP GLOBAL MARKETS LIMITED	3,041,005.00	22,061.17	0.007
CITIGROUP GLOBAL MKT SECS LTD	216,931.00	6,814.23	0.031
CJS SECURITIES INC	147,370.00	6,511.10	0.044
CJS SECURITIES INC.	499,350.00	23,967.50	0.048
COLLINS STEWART	27,561.00	977.12	0.035
COLLINS STEWART LLC	154,200.00	7,422.00	0.048
COWEN AND COMPANY, LLC	1,270,596.00	48,350.84	0.038
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	677,799.00	24,263.35	0.036
CREDIT AGRICOLE INDOSUEZ CHVX MILAN	428,608.00	1,169.56	0.003
CREDIT AGRICOLE INDOSUEZ MADRID	133,773.00	3,744.55	0.028
CREDIT LYONNAIS SEC (USA) INC NY	596,092.00	6,459.99	0.011
CREDIT LYONNAIS SECS SINGAPORE	48,913.00	4,929.71	0.101
CREDIT RESEARCH & TRADING LLC	352,388.00	6,243.40	0.018
CREDIT SUISSE (EUROPE) LTD	5,303.00	252.86	0.048

CREDIT SUISSE EQUITIES (AUSTRALIA)	90,884.00	310.45	0.003
CREDIT SUISSE FIRST BOSTON HK-	5,960,805.00	8,573.98	0.001
CREDIT SUISSE FIRST BOSTON LLC	13,074,475.00	148,841.97	0.011
CREDIT SUISSE SECURITIES (EUROPE)LT	1,412,033.00	17,560.36	0.012
CREDIT SUISSE SECURITIES (USA) LLC	1,128,286.00	18,028.45	0.016
CROWELL WEEDON & CO	56,600.00	2,264.00	0.040
CSFB (EUROPE) LTD, SEOUL SECS BRNCH	7,253.00	3,957.76	0.546
CSFB TAIPEI BRANCH, TAIPEI	571,238.00	10,104.19	0.018
CSI US INTITUTIONAL DESK	270,176.00	10,580.28	0.039
CUTTONE & CO INC	87,100.00	3,967.25	0.046
D A DAVIDSON & CO INC	230,878.00	10,298.90	0.045
DAHLMAN ROSE & COMPANY, LLC	293,850.00	10,504.50	0.036
DAIN RAUSCHER INCORPORATED	76,000.00	2,242.58	0.030
DAIWA CAPITAL MARKETS AMERICA INC.	136,218.00	3,118.45	0.023
DAIWA CAPITAL MARKETS EUROPE	12,700.00	1,028.38	0.081
DAIWA CAPITAL MARKETS HONG KONG	108,459.00	690.18	0.006
DAVENPORT & CO OF VIRGINIA INC	345,407.00	11,104.21	0.032
DAVY STOCKBROKERS	10,112.00	265.47	0.026
DEUTSCHE BANC ALEX BROWN INC.	11,030,302.00	153,462.88	0.014
DEUTSCHE BANK ALEX BROWN	63,317.00	1,899.51	0.030
DEUTSCHE BANK SECURITIES INC. NY	1,242,452.00	24,558.61	0.020
DEUTSCHE BANK(INTL EQ) LDN CREST201	1,084,973.00	8,904.88	0.008
DEUTSCHE SECS ASIA LTD, HONG KONG	354,400.00	995.41	0.003
DIRECT ACCESS PARTNERS LLC	425,678.00	8,513.56	0.020
DOWLING & PARTNERS	193,500.00	8,987.00	0.046
EVERCORE GROUP LLC	33,430.00	1,002.90	0.030
EVOLUTION BEESON GREGORY LTD	247,478.00	2,067.06	0.008
EXANE PARIS	301,606.00	7,435.27	0.025
FIDELITY CAPITAL MARKETS	36,773.00	865.48	0.024
FIRST ANALYSIS SECURITIES CORP	207,655.00	7,512.75	0.036
FIRST CLEARING, LLC (FCCORP)	679,661.00	22,009.83	0.032
FIRST NEW YORK SECURITIES LLC	400.00	8.00	0.020
FIRST UNION CAPITAL MARKETS	937,425.00	39,987.06	0.043
FRIEDMAN BILLINGS & REMSEY	382,531.00	15,110.15	0.040
GABELLI & COMPANY	122,760.00	4,898.00	0.040
GILFORD SEC (FCCORP)	546,780.00	17,329.40	0.032
GIRARD SECURITIES, INC	62,500.00	1,250.00	0.020
GLOBAL HUNTER SECURITIES LLC	93,616.00	4,680.80	0.050
GOLDMAN SACHS & CO	774,233.00	29,202.71	0.038
GOLDMAN SACHS (ASIA) TAIPEI	203,570.00	3,177.52	0.016
GOLDMAN SACHS EXECUTION & CLEARING, L.P.	3,892,974.00	83,466.96	0.021
GOLDMAN SACHS INTL LONDON	2,306,978.00	14,302.30	0.006
GOLDMAN SACHS NEW YORK_DTC00005	4,156,043.00	56,802.65	0.014
GOLDMAN, SACHS & CO.	1,799,601.00	59,456.02	0.033
GOODBODY STOCKBROKERS DUBLIN	59,803.00	1,638.05	0.027
GREEN STREET ADVISORS	38,100.00	1,905.00	0.050
G-TRADE SERVICES LTD, HAMILTON	19,768.00	175.34	0.009
GUZMAN & COMPANY	277,200.00	5,544.00	0.020
HEFLIN & CO. LLC	38,600.00	1,544.00	0.040
HEIGHT SECURITIES, LLC	47,600.00	1,844.00	0.039
HIBERNIA SOUTHCOAST CAPITAL INC.	178,262.00	8,537.86	0.048
HOWARD WEIL LABOUISSSE FRIEDRICHS INC	8,200.00	410.00	0.050

HSBC BANK PLC LONDON.	776,082.00	14,450.86	0.019
HSBC BROKERAGE (USA) INC	62,490.00	2,499.60	0.040
HSBC SECURITIES BROKERS (ASIA) LTD	500,500.00	1,655.63	0.003
HUDSON SECURITIES INC	7,700.00	308.00	0.040
IMPERIAL CAPITAL LLC	9,900.00	495.00	0.050
ING BANK LONDON	23,775.00	877.11	0.037
INGALLS & SNYDER	90,138.00	4,506.90	0.050
INSTINET	2,962,036.00	53,531.84	0.018
INSTINET EUROPE LTD.	59,682.00	747.01	0.013
INVESTEC HENDERSON CROSTHWAITE SECS	27,630.00	661.07	0.024
INVESTMENT TECHNOLOGY GROUP DUBLIN	563,462.00	1,001.29	0.002
INVESTMENT TECHNOLOGY GROUP INC	13,058,024.00	324,774.62	0.025
ISI GROUP INC.	1,113,000.00	27,007.88	0.024
ITG CANADA CORP TORONTO	26,619.00	317.07	0.012
ITG INC	68,312.00	2,771.12	0.041
IXIS SECURITIES	17,387.00	2,961.27	0.170
J.P. MORGAN CLEARING CORP.(SECURITY	4,600.00	97.28	0.021
J.P. MORGAN SECURITIES LIMITED	1,916,010.00	40,285.78	0.021
J.P.MORGAN SECURITIES (FAR EAST) LT	11,626.00	4,098.22	0.353
JANNEY MONTGOMERY SCOTT INC	300,786.00	12,423.44	0.041
JB WERE & SONS MELBOURNE	66,787.00	440.96	0.007
JEFFERIES & COMPANY INC	2,547,478.00	73,810.59	0.029
JEFFERIES & COMPANY INC NY DTC07441	1,199,052.00	10,704.93	0.009
JEFFERIES INTERNATIONAL LONDON	374,826.00	5,735.25	0.015
JMP SECURITIES	125,323.00	5,012.92	0.040
JNK SECURITIES INC	593,200.00	11,864.00	0.020
JOHNSON RICE & CO	1,082,724.00	32,879.72	0.030
JONES & ASSOCIATES DTC54814.	51,800.00	1,503.57	0.029
JONES TRADING INSTITUTIONAL SERVICES	8,243,685.00	202,261.97	0.025
JP MORGAN CHASE BANK LONDON	38,700.00	1,087.59	0.028
JP MORGAN SECURITIES AUSTRALIA	401,446.00	1,526.08	0.004
JPMCHASE/GCREPO	1,000.00	20.00	0.020
JPMORGAN CHASE BANK	11,393.00	178.78	0.016
JPMORGAN CHASE BANK GS AND T	1,800.00	273.93	0.152
JPMORGAN CHASE BANK_DTC00902	403.00	1,115.62	2.768
JPMORGAN CLEARING CORP	949,517.00	27,879.84	0.029
JPMORGAN CLEARING CORP NY DTC00352	146,544.00	2,903.48	0.020
JPMORGAN SECS INC, NY DTC060	245,500.00	3,010.47	0.012
JPMORGAN SECS LONDON	51,922.00	3,597.24	0.069
JPMORGAN SECS TAIWAN LTD TAIPEI	1,230,270.00	4,735.15	0.004
JPMORGAN SECURITIES (ASIA PACIFIC)	2,812,500.00	10,273.68	0.004
KAUFMAN BROTHERS	244,600.00	12,230.00	0.050
KEEFE BRUYETTE & WOODS INC	872,900.00	38,949.00	0.045
KEEFE BRUYETTTE AND WOOD LTD LONDON	166,315.00	5,445.68	0.033
KEPLER EQUITIES, PARIS	46,087.00	3,292.99	0.071
KEYBANC CAPITAL MARKETS INC.	865,410.00	36,506.24	0.042
KING C L & ASSOCIATES INC	527,252.00	18,914.56	0.036
KM PARTNERS LLC	115,800.00	5,175.00	0.045
KNIGHT CLEARING SERVICES LLC	69,893.00	1,038.61	0.015
KNIGHT EQUITY MARKETS L.P	11,461,765.00	475,903.05	0.042
KNIGHT SECURITIES BROADCORT CAP	3,192,765.00	125,256.39	0.039
KNIGHT SECURITIES INTL LONDON	3,681.00	130.15	0.035

LAZARD FRERES & CO	50,750.00	2,386.00	0.047
LEERINK SWANN AND COMPANY	410,510.00	18,930.50	0.046
LIQUIDNET ASIA LIMITED, HONG KONG	548,239.00	1,359.50	0.002
LIQUIDNET EUROPE LTD LONDON	1,989,670.00	5,289.90	0.003
LIQUIDNET INC	2,650,465.00	55,742.12	0.021
Longbow Securities LLC	187,600.00	8,360.00	0.045
LOOP CAPITAL MARKETS	20,800.00	468.00	0.023
LYNCH JONES & RYAN (JEFFERIES)	5,194,024.00	160,623.23	0.031
MACQUARIE BANK LIMITED	108,796.00	3,890.84	0.036
MACQUARIE CAPITAL (EUROPE) LTD LDN	522,821.00	8,427.94	0.016
MACQUARIE EQUITIES SYDNEY	1,253,995.00	7,874.34	0.006
MACQUARIE SECURITIES (USA) INC	272,578.00	12,146.83	0.045
MACQUARIE SECURITIES LIMITED	1,066,921.00	8,960.09	0.008
MACQUARIE SECURITIES LIMITED,TAIWAN	440,886.00	2,078.04	0.005
MACQUARIE SECURITIES LTD SEOUL	5,694.00	544.55	0.096
MAIN FIRST BANK	3,730.00	677.52	0.182
MAN FINANCIAL	496,700.00	1,085.33	0.002
MAN SECURITIES INC/FIXED INCOME	72,800.00	3,640.00	0.050
MAXIM GROUP	240,468.00	12,023.40	0.050
MELVIN SECURITIES	10,700.00	240.75	0.023
MERRILL LYNCH & CO INC NY	110,300.00	270.51	0.002
MERRILL LYNCH CANADA, INC	700.00	21.42	0.031
MERRILL LYNCH CITATION	10,000.00	311.14	0.031
MERRILL LYNCH INTERNATIONAL,LDN.	8,076,263.00	60,956.38	0.008
MERRILL LYNCH INTERNATIONAL_LONDON	65,026.00	737.98	0.011
MERRILL LYNCH PFS TAIPEI	862,000.00	1,180.54	0.001
MERRILL LYNCH PROF. CLEARING CORP.	553,419.00	23,013.76	0.042
MERRILL LYNCH, P F & S NY DTC00161	43,302,343.00	47,483.36	0.001
MERRILL LYNCH,PIERCE,FENNER & SMITH	5,106,756.00	112,515.61	0.022
MERRIMAN CURHAN FORD & CO	2,700.00	108.00	0.040
MILLER TABAK & CO LLC	40,400.00	1,616.00	0.040
MILLER, TABAK, HIRSCH & COMPANY	41,100.00	1,459.00	0.035
MITSUBISHI UFJ SECURITIES (USA),	212,515.00	4,347.34	0.020
MITSUBISHI UFJ SECURITIES (USA), INC.	16,300.00	815.00	0.050
MIZUHO SECURITIES INC	746,376.00	8,647.31	0.012
MIZUHO SECURITIES USA, INC	17,600.00	880.00	0.050
MKM PARTNERS	2,000.00	80.00	0.040
MM WARBURG HAMBURG	19,900.00	1,547.82	0.078
MND PARTNERS	4,294.00	85.88	0.020
MORGAN KEEGAN & CO INC	411,274.00	15,635.86	0.038
MORGAN STANLEY & CO. INCORPORATED	3,188,682.00	92,313.25	0.029
MORGAN STANLEY AND CO INC DTC00050	7,552,886.00	74,273.39	0.010
MORGAN STANLEY AND CO INTL TAIPEI	685,800.00	2,492.30	0.004
MORGAN STANLEY INTL SEOUL	20,363.00	5,552.21	0.273
MS & CO INTL LONDON	374,053.00	5,864.64	0.016
NATIONAL FINL SVCS CORP	200,900.00	10,045.00	0.050
NCB STOCKBROKERS LIMITED	13,750.00	331.97	0.024
NEEDHAM & COMPANY	978,755.00	43,449.75	0.044
NESBITT BURNS TORONTO	47,600.00	1,825.02	0.038
NOMURA FINANCIAL AND INVESTMENT (KO	135,636.00	741.90	0.005
NOMURA INTERNATIONAL PLC	782,485.00	6,603.08	0.008
NOMURA INTL (HONG KONG) LTD	30,352.00	3,693.16	0.122

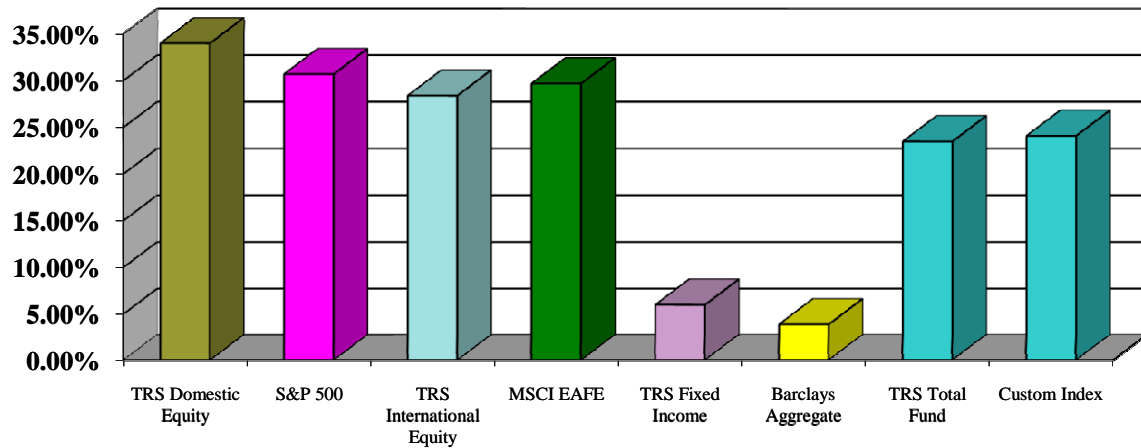
NOMURA SECS INTL NEW YORK DTC00180	7,762,545.00	33,934.78	0.004
NOMURA SECURITIES INTERNATIONAL INC	339,987.00	6,919.57	0.020
NOMURA SECURITIES TAIPEI	1,017,000.00	769.74	0.001
NZB NEUE ZUERCHER BANK	381.00	1,044.32	2.741
ODDO ET CIE PARIS	167.00	23.29	0.139
ONEIL WILLIAM & CO INC/BCC CLRG	1,064,790.00	23,957.78	0.023
OPPENHEIMER & CO. INC.	1,007,841.00	37,536.65	0.037
PACIFIC CREST SECURITIES	68,000.00	2,720.00	0.040
PCS SECURITIES, INC	95,000.00	4,750.00	0.050
PELLINOR SECURITIES CORP	4,900.00	245.00	0.050
PENSON FINANCIAL SVCS CANADA INC	1,000.00	40.00	0.040
PENSON FINANCIAL SVCS CANADA MONTL	2,400.00	93.84	0.039
PERSHING LLC	167,780.00	4,153.40	0.025
PERSHING LLC DTC00443	2,203,531.00	10,454.61	0.005
PERSHING SECURITIES LIMITED	534,836.00	7,038.32	0.013
PETER & CO. LIMITED	2,300.00	80.50	0.035
PICKERING ENERGY PARTNERS, INC	41,200.00	2,060.00	0.050
PIPELINE TRADING SYSTEMS LLC	1,307,088.00	27,529.38	0.021
PIPER JAFFRAY & CO.	1,289,069.00	56,690.03	0.044
PRITCHARD CAPITAL PARTNERS LLC	261,700.00	7,899.00	0.030
PULSE TRADING LLC	4,136,249.00	111,232.35	0.027
RAYMOND JAMES & ASSOCIATES INC	2,172,287.00	87,868.93	0.040
RBC CAPITAL MARKETS CORPORATION	1,224,176.00	47,751.16	0.039
RBC DAIN RAUSCHER INC.	207,794.00	8,178.85	0.039
RBC DOMINION SECS TORONTO	73,263.00	2,976.61	0.041
RBS SECURITIES INC, STAMFORD, CT	405,186.00	10,400.04	0.026
REDBURN PARTNERS LLP, LONDON	168,643.00	2,225.32	0.013
RENAISSANCE CAPITAL LTD	82,153.00	1,944.28	0.024
RIDGE CLEARING & OUTSOURCING	152,700.00	7,635.00	0.050
RIDGE CLEARING & OUTSOURCING SOLUTIONS	145,800.00	7,047.00	0.048
ROBERT W BAIRD & CO	834,070.00	30,406.55	0.036
ROSENBLATT SECURITIES LLC	77,800.00	1,600.00	0.021
ROTH CAPITAL PARTNERS, LLC	94,900.00	4,745.00	0.050
ROYAL BANK OF SCOTLAND PLC	80,400.00	1,655.64	0.021
SALOMON SMITH BARNEY TAIPEI BRCH	575,000.00	587.13	0.001
SAMSUNG SECURITIES	11,465.00	1,018.15	0.089
SANDERS MORRIS HARRIS INC	11,900.00	595.00	0.050
SANDLER O'NEILL & PARTNERS LP	46,605.00	2,067.15	0.044
SANFORD C BERNSTEIN LTD LONDON	2,935,633.00	24,488.02	0.008
SANFORD C. BERNSTEIN & CO.INC.	2,485,091.00	60,730.91	0.024
SANFORD C. BERSTEIN & CO DTC00013	26,300.00	266.91	0.010
SANTANDER INVESTMENT SECURITIES INC	22,912.00	801.92	0.035
SCOTIA CAPITAL (USA) INC	84,100.00	3,079.00	0.037
SCOTIA MCLEOD NEW YORK	164,100.00	1,541.34	0.009
SCOTT & STRINGFELLOW INC	172,150.00	7,562.50	0.044
SG AMERICAS SECURITIES, LLC	8,429,100.00	86,790.00	0.010
SIDOTI & COMPANY, LLC	468,806.00	21,853.18	0.047
SIGNAL HILL CAPITAL GROUP LLC	12,700.00	508.00	0.040
SIMMONS & CO INTERNATIONAL	100,410.00	4,873.30	0.049
SIS SEGAIINTERSETTLE AG ZURICH	5,622.00	674.98	0.120
SOCIETE GENERALE LONDON BRANCH	535,354.00	13,182.21	0.025
SOCIETE GENERALE ZURICH BRANCH	1,548.00	298.74	0.193

SOCIETE GENERALE, FRANKFURT	18,551.00	3,241.20	0.175
SOLEIL SECURITIES CORP	28,300.00	1,156.00	0.041
STATE STREET BANK AND TRUST COMPANY	760,991.00	421.58	0.001
STATE STREET BROKERAGE SVCS INC	116,252.00	3,279.02	0.028
STEPHENS INC (CUST)	288,383.00	10,998.49	0.038
STERNE AGEE & LEACH INC	786,458.00	28,817.60	0.037
STERNE, AGEE, AND LEACH INC	294,300.00	11,923.00	0.041
STIFEL NICOLAUS & CO INC	1,721,024.00	55,790.71	0.032
STRATEGAS SECURITIES LLC	16,584.00	497.52	0.030
SUNTRUST CAPITAL MARKETS INC	545,558.00	20,511.32	0.038
SVENSKA HANDELSBANKEN LONDON	21,632.00	837.29	0.039
SVENSKA HANDELSBANKEN NEW YORK	26,359.00	2,641.78	0.100
TAYLOR D W & CO LTD	1,100.00	44.00	0.040
THE ROYAL BANK OF SCOTLAND N.V.	615,000.00	2,155.77	0.004
THE ROYAL BANK OF SCOTLAND N.V. (UK	419,866.00	5,319.18	0.013
THEMIS TRADING LLC	4,337,960.00	86,759.20	0.020
THOMAS WEISEL PARTNERS LLC	7,300.00	73.00	0.010
TORONTO DOMINION SECS TORONTO	108,000.00	4,003.99	0.037
UBS AG (LONDON EQUITIES), LONDON	1,732,992.00	32,500.70	0.019
UBS AG STAMFORD,CT	123,500.00	3,685.89	0.030
UBS PAINE WEBBER INC.	188,398.00	9,413.30	0.050
UBS SECURITIES ASIA LTD	2,335,532.00	13,171.55	0.006
UBS SECURITIES LLC (WARBURG)	2,755,643.00	67,813.35	0.025
UBS WARBURG LLC	340,631.00	10,271.15	0.030
UBS WARBURG SECURITIES LTD SEOUL	17,510.00	3,347.44	0.191
VALCOURT (GUERNSEY) LIMITED	688.00	352.11	0.512
W. J. BONFANTI, INC	129,211.00	5,073.33	0.039
WACHOVIA CAPITAL MARKETS, LLC	20,200.00	808.00	0.040
WEDBUSH MORGAN SECURITIES INC	1,106,455.00	41,918.65	0.038
WEDGE SECURITIES LLC	4,200.00	168.00	0.040
WEEDEN AND CO	3,375,828.00	50,136.10	0.015
WILLIAM BLAIR & COMPANY	531,500.00	21,960.80	0.041
WJB CAPITAL GROUP, INC.	103,761.00	3,185.83	0.031
WUNDERLICH SECURITIES INC	63,200.00	3,160.00	0.050
YUANTA CORE PACIFIC SECURITIES	1,553,000.00	1,706.03	0.001
ZACKS & COMPANY	13,200.00	528.00	0.040
Grand Total	\$342,680,282.00	\$5,991,924.69	0.017
Less: Commission Recapture		(\$562,918.35)	
Adj. Commissions Per Share		\$5,429,006.34	\$ 0.016

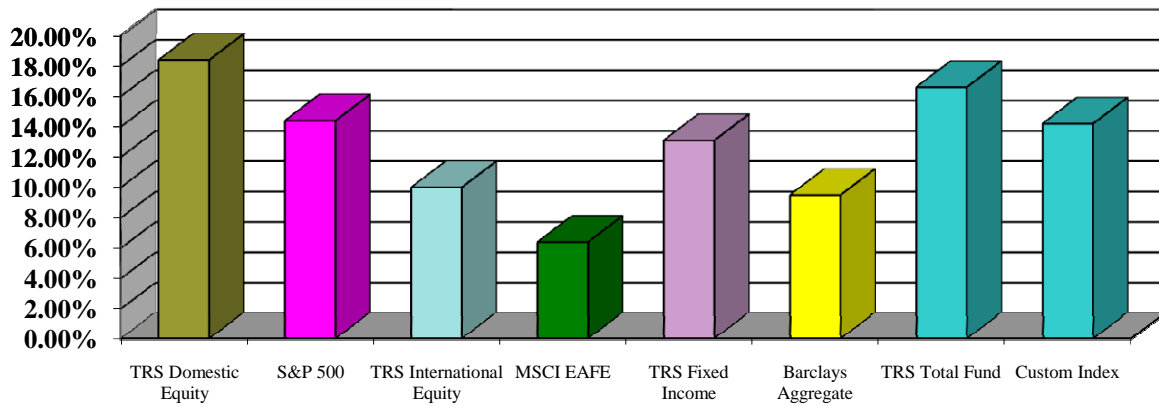
Summary of Investments
June 30, 2011

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage of Total Fair Value</u>
Fixed Income:		
U S Government Securities	\$1,128,778,574	11.1%
Corporate Bonds	1,970,357,378	19.5%
International Bonds	<u>70,083,523</u>	<u>0.7%</u>
Total Fixed Income	3,169,219,475	31.3%
Equities:		
Domestic	5,243,448,570	51.8%
International	<u>1,351,161,000</u>	<u>13.2%</u>
Total Equities	6,594,609,570	65.0%
Short-Term Investments:		
Short-term Investments JP Morgan	360,602,340	3.6%
Money Markets	<u>1,195,909</u>	<u>0.1%</u>
Total Short-Term Investments	<u>361,798,249</u>	<u>3.7%</u>
Total Investments	<u>\$10,125,627,294</u>	<u>100.0%</u>

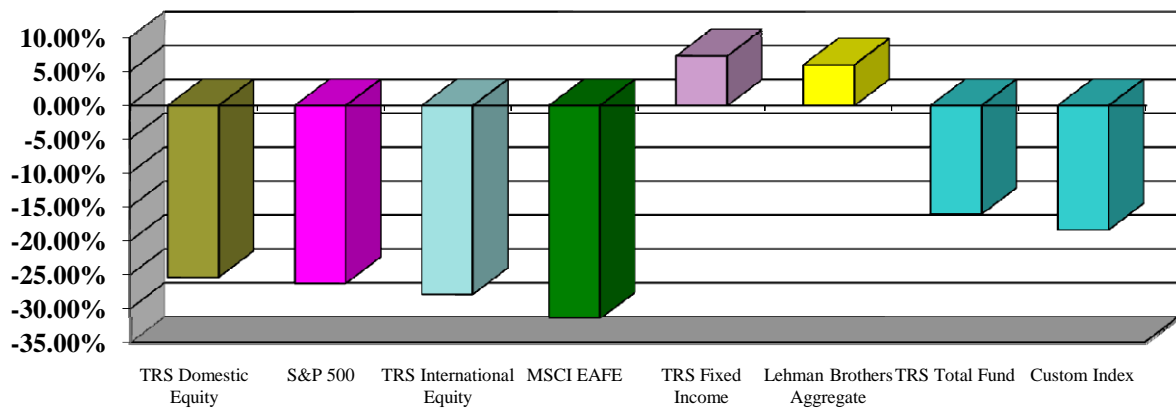
Comparative Rates of Return Fiscal Year 2011



Comparative Rates of Return Fiscal Year 2010



Comparative Rates of Return Fiscal Year 2009



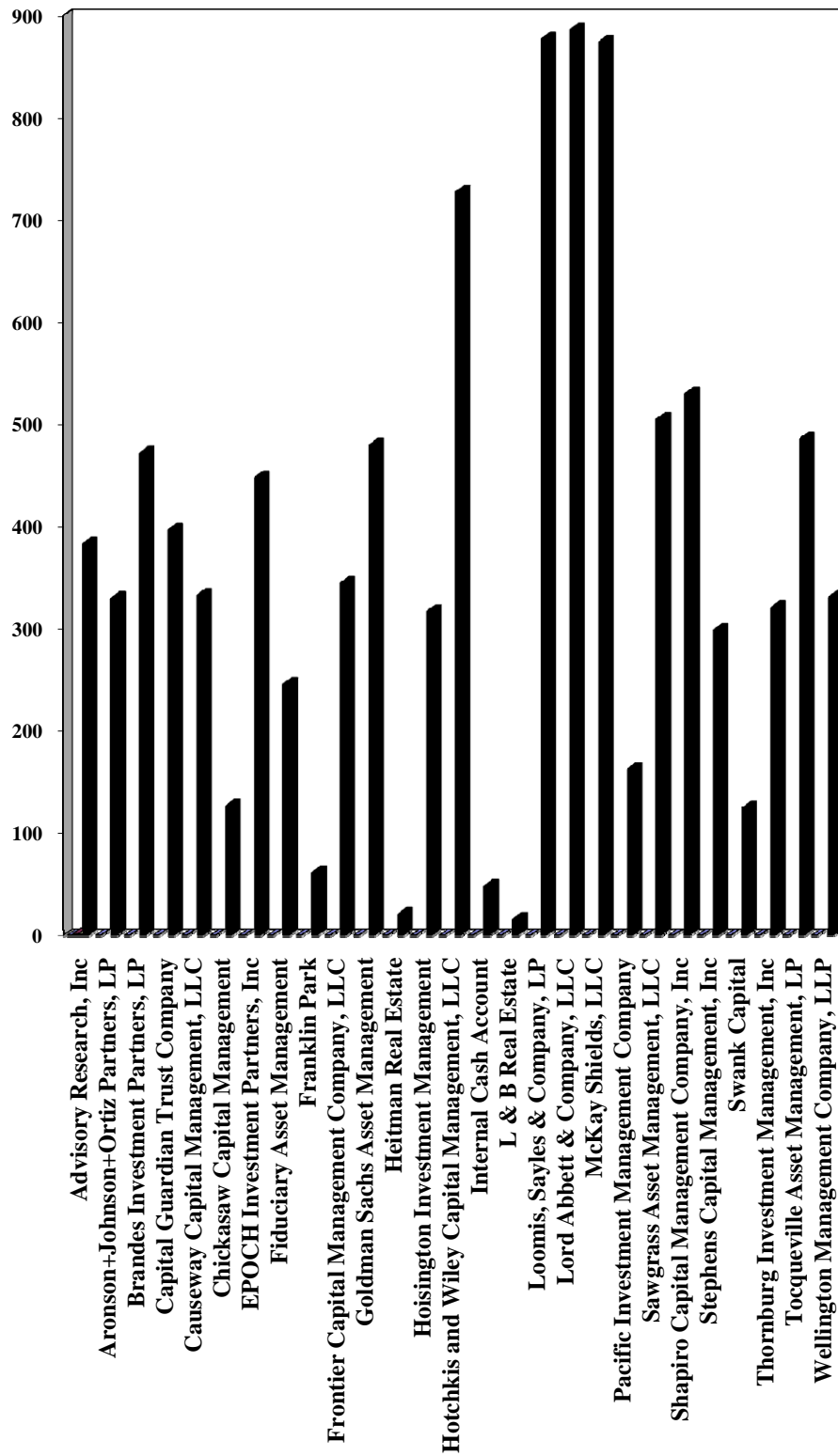
Investment Managers

The Board of Trustees has hired the following investment management firms to manage the assets of the System. The investment managers have full discretion in the management of assets in their portfolios, subject to individual investment styles and the overall guidelines of the System's Investment Policy.

<u>Manager</u>	<u>Funds Under Management (in millions)</u>
Advisory Research, Inc	\$383
Aronson+Johnson+Ortiz Partners, LP	330
Brandes Investment Partners, LP	472
Capital Guardian Trust Company	397
Causeway Capital Management, LLC	333
Chickasaw Capital Management	127
EPOCH Investment Partners, Inc	448
Fiduciary Asset Management	246
Franklin Park	61
Frontier Capital Management Company, LLC	345
Goldman Sachs Asset Management	480
Heitman Real Estate	21
Hoisington Investment Management	317
Hotchkis and Wiley Capital Management, LLC	727
Internal Cash Account	48
L & B Real Estate	16
Loomis, Sayles & Company, LP	877
Lord Abbett & Company, LLC	886
McKay Shields, LLC	874
Pacific Investment Management Company	163
Sawgrass Asset Management, LLC	505
Shapiro Capital Management Company, Inc	530
Stephens Capital Management, Inc	299
Swank Capital	125
Thornburg Investment Management, Inc	321
Tocqueville Asset Management, LP	486
Wellington Management Company, LLP	<u>331</u>
Total funds under management	<u>\$10,148</u>

Chart on following page.

Assets Managed (In Millions)



Rates of Return

Periods Ended June 30	One Year	Three Years	Five Years
Domestic Equity	34.0%	5.8%	4.4%
S&P 500	30.7%	3.3%	2.7%
Rank**	48*	44	49
International Equity	28.4%	.6%	3.2%
MSCI EAFE	29.7%	-.4%	3.7%
Rank**	58	40	54
Fixed Income	6.0%	8.7%	8.1%
Lehman Aggregate	3.9%	6.5%	6.5%
Rank**	24	20	12
Total Fund	23.5%	6.5%	5.9%
Benchmark***	24.1%	5.0%	4.8%
Rank**	23	13	20

* Rank 1 is best, 100 worst

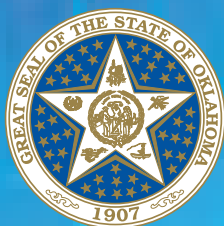
** Source of Rankings – TUCS

*** Benchmark – 28% S&P 500, 15% Russell Mid Cap, 10% Russell 2000, 17% MSCI EAFE, 30% Barclays Capital Aggregate

Section Four: Actuarial

Comprehensive Annual
Financial Report

Fiscal Year Ended June 30, 2011



OKLAHOMA TEACHERS

RETIREMENT SYSTEM



Mission Action Plan

Point Four: Pursue pro-active solutions
and innovation



OKLAHOMA TEACHERS RETIREMENT SYSTEM



December 12, 2011

Board of Trustees
Teachers' Retirement System of Oklahoma
Oliver Hodge Education Building
2500 N. Lincoln Boulevard, 5th Floor
Oklahoma City, Oklahoma 73105

Dear Members of the Board:

SUBJECT: ACTUARIAL VALUATION AS OF JUNE 30, 2011

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Teachers' Retirement System of Oklahoma (the System) as of June 30, 2011. This report was prepared at the request of the Board and is intended for use by the System's staff and those designated or approved by the Board. This report may be provided to parties other than the staff only in its entirety and only with the permission of the Board.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented also comply with the requirements of the Oklahoma statutes and, where applicable, the Internal Revenue Code and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. They are Enrolled Actuaries and Members of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems. They meet all of the Qualification Standards of the American Academy of Actuaries.

ACTUARIAL VALUATION

The primary purposes of the actuarial valuation report are to determine the adequacy of the current State and employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30th of each year, the last day of the System's plan and fiscal year.

FINANCING OBJECTIVES

The member, employer, State, and ~~federal matching~~ contribution rates are established by law. Members contribute 7.00% of covered compensation. The contribution rate for employers covered by the Education Employees Service Incentive Plan (EESIP) is 9.50%. For employers not covered by the EESIP—the comprehensive and regional four-year universities—the contribution rate is 8.55%. No future employer contribution rate changes are currently scheduled. There is also an

additional contribution made by the comprehensive universities, the Initial Funding Surcharge, which is equal to 2.50% of the payroll for those employees who elect to join the Alternate Retirement Plan in lieu of joining the System. This contribution will continue through FY 2034 or until June 30th of the year in which the unfunded actuarial accrued liability of the participating institutions is reduced to zero, if earlier. In addition, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, and individual income taxes to the System. This percentage is currently 5.00%. No increases are scheduled in this rate. Additionally, the System receives ~~—~~“federal matching” contributions for positions whose funding comes from federal sources or certain grants. The federal matching contribution rate for FY 2011 was 6.50% and will increase to 7.00% for FY 2012. This federal matching rate is intended to approximate the contribution from the State of Oklahoma measured as a percentage of ~~—~~“State” payroll, i.e., payroll excluding that paid from federal or grant sources.

The State’s contribution in FY 2012, based on information presented to the State’s Equalization Board, is projected to be \$254 million. Therefore, we project that in the fiscal year ending June 30, 2012, the State’s contribution plus the federal contribution will be equivalent to a contribution rate of approximately 7.1% of covered payroll. The employer contribution—9.50% for most employers and 8.55% for the comprehensive and regional universities—is projected to average about 9.4% of payroll including the Initial Funding Surcharge, so on a combined basis, the employing entities are expected to contribute 16.5% of covered payroll for FY 2012 ($7.1\% + 9.4\% = 16.5\%$.)

The State, local and federal contributions, when combined with the contributions made by members, are intended to pay for the normal cost and to amortize the unfunded actuarial accrued liability of the System.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The unfunded actuarial accrued liability (UAAL) as of June 30, 2010 was \$10.414 billion, and it decreased to \$7.600 billion this year. As a result, the System’s funded ratio—actuarial value of assets divided by the actuarial accrued liability—increased from 47.9% to 56.7% as of June 30, 2011. These improvements were primarily due to the enactment of HB 2132. Prior to this change, the funded ratio would have increased to 48.5% while the UAAL would have been \$10.565 billion as of June 30, 2011.

The period required to completely amortize the UAAL based upon the contribution schedule is called ~~—~~“the funding period.” Based upon the current statutory contribution schedule, the funding period is 22 years. In the prior valuation, the scheduled contributions were insufficient to amortize the UAAL. This was shown as an ~~—~~“infinite” funding period in the exhibits contained in our June 30, 2010 report and is also shown in this year’s report under the prior valuation columns.

Although the FY2011 return on a market value basis was significantly higher than the assumed 8%, the continuing recognition of prior market losses will continue to present somewhat of a ~~—~~“headwind” over the next two years on the actuarial rate of return (a five-year smoothed average of the market value returns.) Prior to HB 2132, the increase in the UAAL was principally due to the recognition of recent prior market asset losses which added approximately \$289 million to the UAAL and the negative amortization of the prior year’s UAAL. These anticipated increases were partially offset

this year by favorable experience resulting primarily from salary increases being less than expected and a 2% COLA not being granted.

Based upon the current contribution schedule, assuming no actuarial gains or losses in the future, the UAAL is expected to continue increasing from the current level until these known deferred asset losses are fully recognized in two years. After that, it is then estimated that the UAAL should trend down to zero over the following 20 years.

DEFERRED ASSET LOSSES/GAINS

The UAAL and the funded ratio cited above are based on actuarial calculations that make use of the actuarial value of assets, not the market value. The actuarial value of assets is based upon the market value, but asset gains and losses – earnings greater or less than the 8.00% annual investment return assumption – are recognized at a rate of 20% per year for five (5) years. The current actuarial value of \$9.961 billion is \$195 million lower than the market value of \$10.156 billion, and the actuarial value of assets is now 98.1% of the market value. The funded ratio determined using the market value of assets rather than the actuarial value is 57.8%.

BENEFIT PROVISIONS

Our actuarial valuation as of June 30, 2011 reflects the benefit and contribution provisions set forth in current statutes. Several bills were passed in the 2011 State of Oklahoma legislative session, although only HB 2132 had a significant cost impact on the current actuarial valuation.

HB 2132 changed the definition of a nonfiscal retirement bill to exclude cost of living adjustments (COLAs) even if such COLAs are assumed in the annual actuarial valuation. Since COLAs are now required to be funded by an additional funding source when they are granted, no assumption for future COLAs is currently included in the liabilities of the System. As shown in the Executive Summary in Section A of our report, this change decreased the unfunded actuarial accrued liability (UAAL) by \$2.965 billion as of June 30, 2011.

SB 377 changes the retirement eligibility requirements and early retirement factors for new employees who become members of the System on or after November 1, 2011. However, we believe the language of the bill is unclear in some respects, and it is not entirely clear how to interpret some of the provisions. As a result, we understand the bill's sponsors intend to submit a new bill in the 2012 legislative session to clarify these provisions. Because of this and because the bill would not affect any members in this valuation, we have ignored the bill in this valuation.

ACTUARIAL ASSUMPTIONS AND METHODS

Assumptions are set by the Board of Trustees, taking into account the recommendations of the System's actuary. The System has an experience investigation study performed every fifth year. The actuarial assumptions used in this valuation are based upon the 2009 Experience Investigation Study Report, dated September 15, 2010, measuring the experience investigation period FY2005 – FY2009. The current actuarial assumptions were adopted by the Board in September 2010 and first utilized in the June 30, 2010 actuarial valuation report.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of the System.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

DATA

Member data for retired, active, and inactive participants was supplied as of June 30, 2011 by the System's staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information as of June 30, 2011 was supplied by the auditors and by the System's staff. GRS is not responsible for the accuracy or completeness of the information provided to us.

ATTACHED SCHEDULES

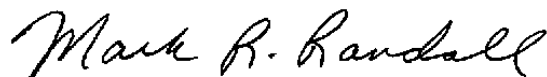
We prepared all of the schedules and exhibits in this section except for the Schedule of Increases and Decreases of Benefit Recipients which was prepared by the System's staff. We have also prepared the Schedule of Funding Progress and the Schedule of Employer Contributions in the Financial Section. We have prepared the annual actuarial valuations each year, beginning with the one prepared as of June 30, 1989. Information related to earlier actuarial valuations was prepared by the previous actuary for the System.

We wish to thank the System's Executive Director, his staff, and the System's financial auditors for their assistance in the preparation of our report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Mark R. Randall, FCA, MAAA, EA
Executive Vice President



Brad Stewart, ASA, MAAA, EA
Consultant

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Executive Summary

Item	2011	2010
Membership		
• Number of		
- Active members	88,085	89,896
- Retirees and beneficiaries	50,829	48,756
- Inactive, vested	7,725	7,439
- Inactive, nonvested	7,498	7,206
- Total	154,137	153,297
• Payroll	\$ 3,773 million	\$ 3,855 million
Statutory contribution rates	FY 2012	FY 2011
• Employers in EESIP	9.50%	9.50%
• Regional universities	8.55%	8.55%
• Federal/grant salaries	7.00%	6.50%
• Members	7.00%	7.00%
• State (% of tax revenues)	5.00%	5.00%
Assets		
• Market value	\$ 10,156 million	\$ 8,352 million
• Actuarial value	\$ 9,961 million	\$ 9,567 million
• Return on market value	22.7%	16.1%
• Return on actuarial value	5.0%	1.7%
• State/local/federal contributions	\$ 638 million	\$ 621 million
• External cash flow %	-0.8%	-0.4%
• Ratio of actuarial to market value	98.1%	114.5%
Actuarial Information		
• Normal cost %	10.30%	11.83%
• Unfunded actuarial accrued liability (UAAL)	\$ 7,600 million	\$ 10,414 million
• Funded ratio	56.7%	47.9%
• Funding period (years)	22.0 Years	Infinite
GASB 25 ARC (30 year, level %)	FY 2012	FY 2011
• Dollar amount	\$588,287,377	\$822,419,996
• Percent of pay	14.87%	20.35%
Gains/(losses)		
• Asset experience	(\$289) million	(\$593) million
• Liability experience	329 million	160 million
• Benefit changes	177 million	169 million
• Legislative Changes	2,965 million	0 million
• Assumption Changes	0 million	(358) million
• Total	\$ 3,182 million	(\$622) million

FUNDED STATUS

Because the employer contribution rates are set by statute, this report determines the funding period required to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The UAAL decreased by \$2.814 billion, from \$10.414 billion to \$7.600 billion as of June 30, 2011. The funded ratio – the ratio of the actuarial value of assets to the actuarial accrued liability – increased from 47.9% to 56.7% as of June 30, 2011. The funding period – the number of years that would be required under the current contribution schedule to amortize the UAAL – is 22 years. In the prior valuation, the statutory contribution rates were projected to be insufficient to amortize the UAAL, shown as an “infinite” funding period in the Exhibits contained in our report under the prior year’s valuation results. Projections show that it will take about fourteen years for the plan to reach 80% funded, assuming the fund earns 8.00% each year, experience follows our assumptions, and no changes are made to the contribution and benefit provisions.

The improvement in the funded status is due mainly to the enactment of HB 2132 described earlier in the cover letter to this report. Other factors helping to improve the funded status included positive experience resulting from salary increases that were smaller than expected and the lack of a 2% COLA being granted for current retirees. The positive experience was partially offset by an asset loss on an actuarial value basis. As discussed in Section E of our report, the asset loss will continue to hinder the funded status of the System as the known asset losses on a market value basis from FY 2008 and FY 2009 are fully recognized over the next two years.

As previously mentioned, this report also determines the GASB Annual Required Contribution (ARC). This is the contribution required to fund the normal cost and to amortize the UAAL as a level percentage of payroll over 30 years. This amount is 14.87% of projected active member payroll as shown in Table 1, compared to 20.35% last year and 20.92% prior to the recognition of HB 2132. As of June 30, 2011, our projections show that the ARC is expected to increase to a little over 15% next year and then it should trend downward towards the annual employer normal cost rate of 3.30% over the next 22 years at which time the UAAL is projected to be zero.

ANALYSIS OF CHANGES

Unfunded Actuarial Accrued Liability (UAAL)

Table 12a of our report shows an analysis of the change in the UAAL. The UAAL, which was \$10.414 billion last year, has decreased to \$7.600 million this year.

The decrease in the UAAL was primarily due to the enactment of HB 2132 which resulted in a reduction of \$2.965 billion. The plan also benefited from positive liability experience including gains of \$177 million due to the current retirees not receiving an ad hoc cost-of-living adjustment (COLA) effective July 1, 2011 and \$329 million driven mainly by salary increases being less than expected. In the prior valuation, it was assumed that retirees would receive a 2% COLA per annum. Because a COLA was not granted, the System experienced an actuarial gain. These gains were partially offset by an asset loss of \$289 million on an actuarial basis.

The rest of the change in the UAAL since the last valuation is due to the negative amortization that occurs because the actual statutory contribution amounts were not sufficient to reduce the UAAL.

Funding Period

As noted in Table 1 under Section K of our report, the funding period (the period required to amortize the UAAL) has improved to 22 years. In the prior valuation, the statutory contribution level was insufficient to amortize the UAAL which is shown as an “infinite” funding period. Again, the primary driver was the enactment of HB 2132. In addition, the funding period benefited from salary gains and from projected state revenue for 2012 that was higher than forecast in the prior valuation.

The funding period shown in Table 1 of our report, and the projection of the UAAL shown in Table 13, are based upon a deterministic projection that phases in the difference between the actuarial and market values of assets. This projection assumes: (a) future market earnings, net of expenses, will equal 8.00% per year, (b) there will be no liability gains/losses or changes in assumptions, (c) the number of active members will remain unchanged, (d) active members who leave employment will be replaced by new entrants each year, (e) the State's contribution for FY 2011 will be \$254 million as projected by the Office of State Finance (OSF), and (f) future State revenues will increase at 3.5% per year.

ACTUARIAL ASSUMPTIONS AND METHODS

Appendix III of our report summarizes the actuarial assumptions used to determine the System's liabilities and the actuarial methods used to determine the normal cost, UAAL and funding period. No changes were made to either the actuarial assumptions or methods since the previous valuation, except that, due to the enactment of SB 2132 earlier this year, we eliminated the assumption that future ad hoc COLAs would average 2.00% per year.

The current actuarial assumptions were first used for the June 30, 2010 valuation, when the Board adopted changes recommended by the actuary, based on a review of the System's experience for the five-year period ending June 30, 2009.

Development of Employer Cost

	June 30, 2011		June 30, 2010
	No COLA Assmptn.	2% COLA Assmptn.	
1. Payroll			
a. Supplied by system	\$ 3,773,283,867	\$ 3,773,283,867	\$ 3,854,772,123
b. Adjusted for one year's pay increase	3,955,490,642	3,955,490,642	4,041,218,473
2. Present value of future pay (paid monthly)	\$ 32,453,171,276	\$ 32,453,171,276	\$ 33,088,687,491
3. Normal cost rate (payable monthly)			
a. Total normal cost rate	10.30%	11.83%	11.83%
b. Less: member rate	-7.00%	-7.00%	-7.00%
c. Employer normal cost rate	3.30%	4.83%	4.83%
4. Actuarial accrued liability for active members			
a. Present value of future benefits for active members	\$ 11,206,907,365	\$ 13,113,205,063	\$ 13,259,608,982
b. Less: present value of future employer normal costs (Item 3c * Item 2)	(1,070,954,652)	(1,567,488,173)	(1,598,183,606)
c. Less: present value of future member contributions	(2,271,721,989)	(2,271,721,989)	(2,316,208,124)
d. Actuarial accrued liability	\$ 7,864,230,724	\$ 9,273,994,901	\$ 9,345,217,252
5. Total actuarial accrued liability for:			
a. Retirees and beneficiaries	\$ 9,316,589,138	\$ 10,821,719,451	\$ 10,216,271,205
b. Inactive members	379,934,590	429,717,709	419,152,135
c. Active members (Item 4d)	7,864,230,724	9,273,994,901	9,345,217,252
d. Total	\$ 17,560,754,452	\$ 20,525,432,061	\$ 19,980,640,592
6. Actuarial value of assets	\$ 9,960,576,151	\$ 9,960,576,151	\$ 9,566,683,405
7. Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 7,600,178,301	\$ 10,564,855,910	\$ 10,413,957,187
8. Funding period based on statutory contribution rates	22.0 Years	69.6 Years	Infinite
9. GASB 25 ARC			
a. Employer normal cost (Item 1b * 3c)	\$ 130,531,191	\$ 191,050,198	\$ 195,190,852
b. Level % 30-year amortization of UAAL (payable monthly)	457,756,186	636,317,723	627,229,144
c. Total	\$ 588,287,377	\$ 827,367,921	\$ 822,419,996
d. Contributions as percentage of payroll	14.87%	20.92%	20.35%

Actuarial Present Value of Future Benefits

	June 30, 2011		June 30, 2010
	No COLA Assmptn.	2% COLA Assmptn.	
1. Active members			
a. Service retirement benefits	\$ 9,943,371,918	\$ 11,760,599,710	\$ 11,891,480,210
b. Deferred termination benefits	459,505,975	484,315,633	489,970,795
c. Refunds	22,340,427	22,340,427	25,466,552
d. Death benefits	152,486,497	171,795,320	172,362,643
e. Disability retirement benefits	257,261,827	302,213,252	304,256,577
f. Supplemental medical insurance	340,668,099	340,668,099	344,701,752
g. \$5,000 post-retirement death benefit	31,272,622	31,272,622	31,370,453
h. Total	\$ 11,206,907,365	\$ 13,113,205,063	\$ 13,259,608,982
2. Retired members			
a. Service retirements	\$ 8,288,153,697	\$ 9,726,190,939	\$ 9,162,838,312
b. Disability retirements	148,941,948	172,690,200	168,242,982
c. Beneficiaries	294,671,199	338,016,018	321,895,153
d. Supplemental medical insurance	503,239,153	503,239,153	485,195,270
e. \$5,000 post-retirement death benefit	81,583,141	81,583,141	78,099,488
f. Total	\$ 9,316,589,138	\$ 10,821,719,451	\$ 10,216,271,205
3. Inactive members			
a. Vested terminations	\$ 321,841,472	\$ 371,624,591	\$ 362,075,328
b. Nonvested terminations	28,463,975	28,463,975	26,530,146
c. Suspense fund	29,629,143	29,629,143	30,546,661
d. Total	\$ 379,934,590	\$ 429,717,709	\$ 419,152,135
4. Total actuarial present value of future benefits	\$ 20,903,431,093	\$ 24,364,642,223	\$ 23,895,032,322

Analysis of Normal Cost

	June 30, 2011		June 30, 2010
	No COLA Assmptn.	2% COLA Assmptn.	
1. Gross normal cost rate (payable monthly)			
a. Retirement benefits	7.72%	9.13%	9.13%
b. Deferred termination benefits	1.30%	1.36%	1.36%
c. Refunds	0.59%	0.59%	0.59%
d. Supplemental medical insurance	0.25%	0.25%	0.25%
e. \$5,000 Post-retirement death benefits	0.04%	0.04%	0.04%
f. Death Benefits	0.10%	0.11%	0.11%
g. Disability retirement benefits	0.30%	0.35%	0.35%
h. Total	10.30%	11.83%	11.83%
2. Less: member rate	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>
3. Employer normal cost rate	3.30%	4.83%	4.83%

**Schedule of Funding Progress
(As required by GASB #25)**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 1997	\$3,544.9	\$8,257.2	\$4,712.3	42.9%	\$2,428.7	194.0%
June 30, 1998	\$4,085.0	\$8,891.3	\$4,806.3	45.9%	\$2,537.7	189.4%
June 30, 1999	\$4,708.0	\$9,458.6	\$4,750.5	49.8%	\$2,648.4	179.4%
June 30, 2000	\$5,373.5	\$10,009.2	\$4,635.7	53.7%	\$2,738.3	169.3%
June 30, 2001	\$5,959.0	\$11,591.1	\$5,632.1	51.4%	\$2,990.5	188.3%
June 30, 2002	\$6,310.9	\$12,275.9	\$5,965.0	51.4%	\$3,047.1	195.8%
June 30, 2003	\$6,436.9	\$11,925.2	\$5,488.3	54.0%	\$3,045.7	180.2%
June 30, 2004	\$6,660.9	\$14,080.1	\$7,419.2	47.3%	\$3,030.7	244.8%
June 30, 2005	\$6,952.7	\$14,052.4	\$7,099.7	49.5%	\$3,175.2	223.6%
June 30, 2006	\$7,470.4	\$15,143.4	\$7,672.9	49.3%	\$3,354.9	228.7%
June 30, 2007	\$8,421.9	\$16,024.4	\$7,602.5	52.6%	\$3,598.9	211.2%
June 30, 2008	\$9,256.8	\$18,346.9	\$9,090.1	50.5%	\$3,751.4	242.3%
June 30, 2009	\$9,439.0	\$18,950.9	\$9,512.0	49.8%	\$3,807.9	249.8%
June 30, 2010	\$9,566.7	\$19,980.6	\$10,414.0	47.9%	\$3,854.8	270.2%
June 30, 2011	\$9,960.6	\$17,560.8	\$7,600.2	56.7%	\$3,773.3	201.4%

Note: Dollar amounts in millions

Schedule of Employer Contributions
(As required by GASB #25)

Year Ending June 30,	Annual Required Contribution	Percentage Contributed
1997	\$446,459,961	62.0%
1998	\$446,219,296	59.1%
1999	\$456,864,002	53.5%
2000	\$455,265,033	60.6%
2001	\$451,463,258	72.7%
2002	\$556,201,571	65.6%
2003	\$585,168,488	61.9%
2004	\$534,811,845	70.2%
2005	\$722,095,783	56.2%
2006	\$535,228,038	85.8%
2007	\$575,745,142	93.1%
2008	\$590,495,652	101.1%
2009	\$714,367,558	86.6%
2010	\$742,286,289	83.6%
2011	\$822,419,996	77.6%

Notes to Required Supplementary Information
(as required by GASB #25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, open period
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increase *	4.00% to 12.00%
* Includes inflation at:	3.00%
Cost of living adjustment	0.00%

Membership Data

	June 30, 2011 (1)	June 30, 2010 (2)
1. Active members		
a. Number	88,085	89,896
b. Total payroll supplied by System	\$ 3,773,283,867	\$ 3,854,772,123
c. Average salary	\$ 42,837	\$ 42,880
d. Average age	46.2	46.0
e. Average service	11.7	11.5
2. Vested inactive members		
a. Number	7,725	7,439
b. Total annual deferred benefits ¹	\$ 56,602,747	\$ 55,565,627
c. Average annual deferred benefit	\$ 7,327	\$ 7,470
3. Nonvested inactive members		
a. Number	7,498	7,206
b. Member contributions with interest due	\$ 28,463,975	\$ 26,530,146
c. Average refund due	\$ 3,796	\$ 3,682
4. Service retirees		
a. Number	46,853	44,926
b. Total annual benefits ¹	\$ 882,110,041	\$ 831,082,136
c. Average annual benefit	\$ 18,827	\$ 18,499
5. Special service retirees		
a. Number	23	34
b. Total annual benefits ¹	\$ 53,657	\$ 79,383
c. Average annual benefit	\$ 2,333	\$ 2,335
6. Disabled retirees		
a. Number	1,588	1,552
b. Total annual benefits ¹	\$ 17,742,173	\$ 17,276,779
c. Average annual benefit	\$ 11,173	\$ 11,132
7. Beneficiaries and spouses		
a. Number	2,365	2,244
b. Total annual benefits ¹	\$ 36,878,409	\$ 34,629,634
c. Average annual benefit	\$ 15,593	\$ 15,432

¹ Benefit amounts exclude the supplemental medical insurance payment.

Historical Summary of Active Member Data

Valuation as of June 30, (1)	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number (2)	Percent Increase (3)	Amount in \$ Millions (4)	Percent Increase (5)	\$ Amount (6)	Percent Increase (7)		
1992	73,568	2.3%	\$2,002	4.2%	\$27,218	1.9%	43.3	10.6
1993	75,599	2.8%	2,122	6.0%	28,069	3.1%	43.4	10.7
1994	76,280	0.9%	2,190	3.2%	28,704	2.3%	43.6	10.8
1995	79,044	3.6%	2,336	6.7%	29,555	3.0%	43.6	10.7
1996	78,942	-0.1%	2,375	1.7%	30,091	1.8%	44.0	11.1
1997	79,510	0.7%	2,429	2.3%	30,546	1.5%	44.2	11.2
1998	80,578	1.3%	2,538	4.5%	31,493	3.1%	44.3	11.2
1999	81,851	1.6%	2,648	4.3%	32,356	2.7%	44.4	11.2
2000	83,024	1.4%	2,738	3.4%	32,982	1.9%	44.5	11.0
2001	84,387	1.6%	2,991	9.2%	35,438	7.4%	44.7	11.0
2002	85,366	1.2%	3,047	1.9%	35,695	0.7%	44.9	11.1
2003	83,127	-2.6%	3,046	0.0%	36,639	2.6%	45.3	11.5
2004	81,683	-1.7%	3,031	-0.5%	37,104	1.3%	45.6	11.8
2005	84,286	3.2%	3,175	4.8%	37,671	1.5%	45.6	11.6
2006	87,194	3.5%	3,355	5.7%	38,476	2.1%	45.7	11.6
2007	88,133	1.1%	3,599	7.3%	40,835	6.1%	45.8	11.5
2008	88,678	0.6%	3,751	4.2%	42,304	3.6%	45.9	11.5
2009	89,388	0.8%	3,808	1.5%	42,600	0.7%	46.0	11.5
2010	89,896	0.6%	3,855	1.2%	42,880	0.7%	46.0	11.5
2011	88,085	-2.0%	3,773	-2.1%	42,837	-0.1%	46.2	11.7

Plan Net Assets
(Assets at Market or Fair Value)

Item	Valuation as of	
	June 30, 2011	June 30, 2010
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 14,348,481	\$ 9,646,573
2. Receivables		
a. Employer and member contributions	\$ 56,587,607	\$ 57,035,454
b. State contribution	27,322,221	23,542,532
c. Net investment income and other accruals	45,636,139	45,625,225
d. Total receivables	\$ 129,545,967	\$ 126,203,211
3. Investments		
a. Invested cash and other	\$ 361,798,249	\$ 250,812,377
b. Equities	6,594,609,570	4,985,274,083
c. Fixed income	3,169,219,475	3,068,133,609
d. Real estate, furniture & equipment	874,921	187,847
e. Total investments	\$ 10,126,502,215	\$ 8,304,407,916
4. Total assets	\$ 10,270,396,663	\$ 8,440,257,700
5. Liabilities		
a. Benefits payable, including insurance payments	\$ 80,477,110	\$ 15,999,565
b. Net due to brokers	23,360,148	64,235,927
c. Other liabilities	10,202,235	8,055,866
d. Total liabilities	\$ 114,039,493	\$ 88,291,358
6. Net assets available (Item 4 - Item 5)	\$ 10,156,357,170	\$ 8,351,966,342

**Distribution of Assets at Market Value
(Percentage of Total Investments)**

Item	Valuation as of	
	June 30, 2011	June 30, 2010
(1)	(2)	(3)
a. Invested cash and other	3.6%	3.0%
b. Equities	65.1%	60.0%
c. Fixed income	31.3%	37.0%
d. Real estate, furniture & equipment	0.0%	0.0%
e. Total investments	100.0%	100.0%

Reconciliation of Plan Net Assets

	Year Ending	
	June 30, 2011	June 30, 2010
	(1)	(2)
1. Market value of assets at beginning of year, net of Deposit Fund		
a. Value reported in prior valuation	\$ 8,351,966,342	\$ 7,226,884,265
b. Prior period adjustments	-	(3)
c. Revised value	\$ 8,351,966,342	\$ 7,226,884,262
2. Revenue for the year		
a. Contributions		
i. Member contributions, including state credit	\$ 286,643,244	\$ 290,247,028
ii. Federal matching funds	23,128,795	26,448,892
iii. State contribution	251,322,410	227,926,247
iv. Employer/district contributions	364,025,589	366,282,238
v. Total	\$ 925,120,038	\$ 910,904,405
b. Net investment earnings		
i. Interest, dividends and other income	\$ 288,860,894	\$ 268,607,285
ii. Net appreciation/(depreciation)	1,645,516,997	924,683,117
iii. Less: investment expenses	(45,846,053)	(30,811,084)
iv. Net investment earnings	\$ 1,888,531,838	\$ 1,162,479,318
c. Total revenue	\$ 2,813,651,876	\$ 2,073,383,723
3. Expenditures for the year		
a. Refunds	35,211,171	\$ 30,409,340
b. Benefit payments, including insurance payments	969,310,597	912,912,714
c. Administrative expenses	4,739,280	4,979,589
d. Total expenditures	1,009,261,048	\$ 948,301,643
4. Increase in net assets (Item 2 - Item 3)	\$ 1,804,390,828	\$ 1,125,082,080
5. Market value of assets at end of year, net of Deposit Fund (Item 1 + Item 4)	\$ 10,156,357,170	\$ 8,351,966,342

	Year Ending June 30, 2011		
1. Market value of assets at beginning of year	\$ 8,351,966,342		
2. Net new investments			
a. Contributions	\$ 925,120,038		
b. Benefits paid	(969,310,597)		
c. Refunds	(35,211,171)		
d. Subtotal	<u>(79,401,730)</u>		
3. Market value of assets at end of year	\$ 10,156,357,170		
4. Net earnings (3-1-2)	\$ 1,883,792,558		
5. Assumed investment return rate	8.00%		
6. Expected return	\$ 664,981,238		
7. Excess return (4-6)	\$ 1,218,811,320		
8. Excess return on assets for last four years :			
<u>Period End</u>	<u>Excess Return</u>	<u>Percent Deferred</u>	<u>Deferred Amount</u>
(1)	(2)	(3)	(4)
a. June 30, 2008	(1,446,413,554)	20%	\$ (289,282,711)
b. June 30, 2009	(2,095,931,855)	40%	(838,372,742)
c. June 30, 2010	580,645,694	60%	348,387,416
d. June 30, 2011	1,218,811,320	80%	<u>975,049,056</u>
			\$ 195,781,019
9. Actuarial value of assets (Item 3 - Item 8)	\$ 9,960,576,151		
10. Actuarial value as percentage of market value		98.1%	

Estimation of Yields

	Year Ending	
	June 30, 2011 (1)	June 30, 2010 (2)
A. Market value yield		
1. Beginning of year market assets	\$ 8,351,966,342	\$ 7,226,884,262
2. Net investment income (including realized and unrealized gains and losses)	\$ 1,888,531,838	\$ 1,162,479,318
3. End of year market assets	\$ 10,156,357,170	\$ 8,351,966,342
4. Estimated dollar weighted market value yield	22.7%	16.1%
B. Actuarial value yield		
1. Beginning of year actuarial assets	\$ 9,566,683,405	\$ 9,438,974,309
2. Actuarial return	\$ 473,294,476	\$ 160,126,745
3. End of year actuarial assets	\$ 9,960,576,151	\$ 9,566,683,405
4. Estimated actuarial value yield	5.0%	1.7%

History of Investment Return Rates

Year Ending June 30 of	Market	Actuarial
(1)	(2)	(3)
1992	13.7%	12.0%
1993	13.5%	12.7%
1994	2.0%	6.5%
1995	14.9%	11.2%
1996	14.6%	11.6%
1997	20.9%	13.5%
1998	21.4%	15.8%
1999	11.9%	17.1%
2000	10.5%	15.5%
2001	-2.3%	11.4%
2002	-5.4%	5.8%
2003	4.8%	2.9%
2004	20.2%	4.6%
2005	10.0%	5.7%
2006	9.4%	8.2%
2007	18.0%	12.4%
2008	-7.5%	9.4%
2009	-16.2%	2.0%
2010	16.1%	1.7%
2011	22.7%	5.0%
Average Returns		
Last Five Years:	5.5%	6.0%
Last Ten Years:	6.5%	5.7%
Last Fifteen Years:	8.3%	8.6%
Last Twenty Years:	9.1%	9.2%

Teachers' Retirement System of Oklahoma
Actuarial Valuation – June 30, 2011

Table 10

History of Cash Flow

Year Ending June 30, (1)	Contributions (2)	Distributions and Expenditures			Total (6)	External Cash Flow for the Year ¹ (7)	Market Value of Assets (8)	External Cash Flow as Percent of Market Value (9)
		Benefit Payments (3)	Refunds (4)	Administrative Expenses (5)				
2002	591.5	(561.2)	(26.7)	(3.9)	(591.9)	(0.4)	5,418	0.0%
2003	582.5	(609.0)	(30.2)	(4.0)	(643.2)	(60.7)	5,614	-1.1%
2004	608.4	(647.3)	(33.7)	(3.9)	(684.9)	(76.5)	6,666	-1.1%
2005	640.8	(701.9)	(26.8)	(4.2)	(732.9)	(92.1)	7,238	-1.3%
2006	708.4	(727.4)	(30.9)	(4.4)	(762.7)	(54.3)	7,859	-0.7%
2007	821.3	(767.2)	(33.8)	(4.5)	(805.5)	15.8	9,293	0.2%
2008	883.6	(806.5)	(35.3)	(4.8)	(846.6)	37.0	8,634	0.4%
2009	906.9	(876.3)	(32.1)	(5.2)	(913.6)	(6.7)	7,227	-0.1%
2010	910.9	(912.9)	(30.4)	(5.0)	(948.3)	(37.4)	8,352	-0.4%
2011	925.1	(969.3)	(35.2)	(4.7)	(1,009.2)	(84.1)	10,156	-0.8%

Dollar amounts in millions

¹ Column (7) = Column (2) + Column (6).

Investment Experience Gain or Loss

Item	Year Ending June 30, 2011	Year Ending June 30, 2010
(1)	(2)	(3)
1. Actuarial assets, beginning of year	\$ 9,566,683,405	\$ 9,438,974,309
2. Contributions during year	\$ 925,120,038	\$ 910,904,405
3. Benefits and refunds paid	\$ (1,004,521,768)	\$ (943,322,054)
4. Assumed net investment income at 8%		
a. Beginning of year assets	\$ 765,334,672	\$ 755,117,945
b. Contributions	37,004,802	36,436,176
c. Benefits and refunds paid	<u>(40,180,871)</u>	<u>(37,732,882)</u>
d. Total	\$ 762,158,603	\$ 753,821,239
5. Expected actuarial assets, end of year (Sum of items 1 through 4)	\$ 10,249,440,278	\$ 10,160,377,899
6. Actual actuarial assets, end of year	\$ 9,960,576,151	\$ 9,566,683,405
7. Asset gain (loss) for year (Item 6 - Item 5)	\$ (288,864,127)	\$ (593,694,494)

Total Experience Gain or Loss

Item	Year Ending June 30, 2011	Year Ending June 30, 2010
(1)	(2)	(3)
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 10,413,957,187	\$ 9,511,974,854
2. Normal cost for the year (employer and employee)	\$ 478,076,145	\$ 448,367,394
3. Less: total contributions for the year	\$ (925,120,038)	\$ (910,904,405)
4. Interest at 8 %		
a. On UAAL	\$ 833,116,575	\$ 760,957,988
b. On normal cost	19,123,046	17,934,696
c. On contributions	(37,004,802)	(36,436,176)
d. Total	\$ 815,234,819	\$ 742,456,508
5. Expected UAAL (Sum of Items 1 - 4)	\$ 10,782,148,113	\$ 9,791,894,351
6. Actual UAAL	\$ 7,600,178,301	\$ 10,413,957,187
7. Total gain (loss) for the year (Item 5 - Item 6)	\$ 3,181,969,812	\$ (622,062,836)
B. Source of gains and losses		
8. Asset gain (loss) for the year	\$ (288,864,127)	\$ (593,694,494)
9. Liability gain (loss) for the year	328,839,576	160,139,971
10. Ad hoc COLA granted different than assumed	177,316,754	169,222,331
11. Impact of changes in actuarial assumptions and methods	-	(357,730,644)
12. Impact of legislative changes	2,964,677,609	-
13. Total	\$ 3,181,969,812	\$ (622,062,836)

Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)

Basis	June 30, 2011 UAAL (in \$ Millions)	June 30, 2010 UAAL (in \$ Millions)
(1)	(2)	(3)
1. From prior valuation	\$ 10,414.0	\$ 9,512.0
2. Impact of changes, gains and losses		
a. Expected increase based on expected contributions and passage of time	383.3	259.1
b. Liability (gain)/loss	(328.8)	(160.1)
c. Asset (gain)/loss	288.9	593.7
d. Impact of actual contributions (more)/less than expected under schedule	(15.2)	20.9
e. Ad hoc COLA granted different than assumed	(177.3)	(169.2)
f. Impact of changes in actuarial assumptions and methods	0.0	357.7
g. Legislative changes	(2,964.7)	0.0
h. Total	(2,813.8)	902.1
3. Current UAAL (1+2h)	\$ 7,600.2	\$ 10,414.0

Columns may not total due to rounding

Projection of UAAL

Valuation Date (1)	UAAL (Millions) (2)
June 30, 2011	7,600.2
June 30, 2012	7,998.3
June 30, 2013	8,092.0
June 30, 2014	7,749.4
June 30, 2015	7,503.6
June 30, 2016	7,480.1
June 30, 2017	7,432.4
June 30, 2018	7,357.7
June 30, 2019	7,252.9
June 30, 2020	7,114.6
June 30, 2021	6,938.9
June 30, 2022	6,721.8
June 30, 2023	6,459.0
June 30, 2024	6,145.6
June 30, 2025	5,776.5
June 30, 2026	5,346.0
June 30, 2027	4,848.0
June 30, 2028	4,276.0
June 30, 2029	3,622.8
June 30, 2030	2,880.6
June 30, 2031	2,040.7
June 30, 2032	1,093.8
June 30, 2033	29.7

Teachers' Retirement System of Oklahoma
Actuarial Valuation – June 30, 2011

Solvency Test

Actuarial Accrued Liability and Percent of Active Member Payroll for:

June 30,	Accumulated Member Contributions Including Interest		Retirees and Beneficiaries Currently Receiving Benefits		Terminated Employees Not Yet Receiving Benefits		Employer Financed Portion of Vested and Nonvested Benefits		Portion of Accrued Liabilities Covered by Assets				
	(1)	% of Payroll	(2)	% of Payroll	(3)	% of Payroll	(4)	% of Payroll	Actuarial Value of Assets				
2002	2,934.3	96%	5,959.9	196%	184.9	6%	3,196.8	105%	6,310.9	100%	57%	0%	0%
2003	3,072.8	101%	5,894.0	194%	191.0	6%	2,767.4	91%	6,436.9	100%	57%	0%	0%
2004	3,212.9	106%	6,899.0	228%	284.7	9%	3,683.6	122%	6,660.9	100%	50%	0%	0%
2005	3,381.7	107%	7,046.5	222%	301.4	9%	3,322.9	105%	6,952.7	100%	51%	0%	0%
2006	3,853.7	115%	7,340.0	219%	314.3	9%	3,635.3	108%	7,470.4	100%	51%	0%	0%
2007	4,057.5	113%	7,730.3	215%	331.6	9%	3,905.0	109%	8,421.9	100%	56%	0%	0%
2008	4,323.0	115%	8,919.6	238%	370.1	10%	4,734.2	126%	9,256.8	100%	55%	0%	0%
2009	4,563.9	120%	9,312.4	245%	398.1	10%	4,676.6	123%	9,439.0	100%	52%	0%	0%
2010	4,743.9	123%	10,216.3	265%	419.2	11%	4,601.2	119%	9,566.7	100%	47%	0%	0%
2011	4,931.4	131%	9,316.6	247%	379.9	10%	2,932.9	78%	9,960.6	100%	54%	0%	0%

Note : Dollar amounts in millions

Distribution of Active Members by Age and by Years of Service

Attained Age	Years of Credited Service													Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.		
Under 25	230 \$23,978	574 \$32,226	302 \$31,403	56 \$26,133	29 \$24,847	13 \$26,379	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,204 \$28,113
25-29	313 \$23,612	1,310 \$33,920	1,515 \$35,458	1,404 \$35,824	1,089 \$36,413	1,264 \$37,563	4 \$35,056	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	6,899 \$33,404
30-34	238 \$21,680	745 \$33,911	830 \$36,241	919 \$36,843	867 \$37,346	4,100 \$40,496	759 \$43,618	2 \$51,612	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8,460 \$36,615
35-39	286 \$19,987	685 \$33,640	770 \$34,561	816 \$36,317	708 \$37,187	2,966 \$41,695	3,282 \$46,239	514 \$50,133	2 \$36,573	0 \$0	0 \$0	0 \$0	0 \$0	10,029 \$39,139
40-44	239 \$20,459	634 \$32,784	761 \$33,839	740 \$34,215	672 \$36,978	2,904 \$41,167	2,691 \$48,668	2,441 \$51,962	725 \$51,765	4 \$36,788	0 \$0	0 \$0	0 \$0	11,811 \$41,671
45-49	181 \$18,601	524 \$34,552	610 \$32,460	625 \$34,599	595 \$34,183	2,549 \$39,355	2,494 \$47,804	1,709 \$53,570	2,266 \$54,720	672 \$56,082	4 \$59,892	0 \$0	0 \$0	12,229 \$43,407
50-54	190 \$17,995	462 \$33,004	489 \$32,222	554 \$33,965	500 \$33,773	2,303 \$38,913	2,478 \$47,385	1,927 \$49,793	1,958 \$56,807	1,940 \$57,267	790 \$58,319	0 \$0	0 \$0	13,591 \$45,114
55-59	142 \$19,049	306 \$34,009	385 \$35,766	435 \$34,438	413 \$39,151	1,748 \$40,462	2,093 \$46,544	1,747 \$49,824	2,065 \$53,805	1,276 \$61,853	1,571 \$62,738	494 \$63,243	12,675 \$47,774	8,146 \$50,117
60-64	76 \$20,326	170 \$31,677	224 \$31,362	268 \$33,975	254 \$36,564	1,090 \$39,841	1,188 \$49,661	1,136 \$50,710	1,283 \$54,166	909 \$60,023	663 \$73,321	885 \$69,525	8,146 \$50,117	3,041 \$51,545
65 & Over	60 \$13,745	80 \$25,120	95 \$25,148	100 \$32,352	126 \$28,739	508 \$33,605	430 \$47,426	378 \$54,307	399 \$57,680	282 \$66,023	220 \$79,554	363 \$95,174	3,041 \$51,545	1,742 \$88,085
Total	1,955 \$20,732	5,490 \$33,366	5,981 \$34,173	5,917 \$35,209	5,253 \$36,214	19,445 \$40,022	15,419 \$47,307	9,854 \$51,288	8,698 \$54,776	5,083 \$59,224	3,248 \$64,959	1,742 \$73,088	88,085 \$42,837	3,041 \$51,545

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

Because the employer contribution rate is set by statute, the actuarial valuation is used to determine the funding period--the number of years required to amortize the Unfunded Actuarial Accrued Liability (UAAL). It is also used to calculate the Annual Required Contribution (ARC) as defined by GASB 25.

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, a normal cost rate is first determined. This is the contribution rate (level as a percentage of pay) required to provide the benefits of the average new member. The normal cost rate consists of two pieces: (i) the member's own contribution rate, and (ii) a portion of the employer contribution rate. This second piece is called the employer normal cost rate.

The total normal cost is determined by dividing the present value of future benefits for a hypothetical group of new members by the present value of their future pay. In calculating the benefits for this group, all changes in provisions or member contribution rates scheduled to occur in the future are assumed to already be in effect. The hypothetical group of new entrants was reset in the 2010 experience study, based on actual new members joining during FY 2005 through FY 2009.

Next, the UAAL is determined. This is the liability for future benefits which is in excess of (i) the actuarial value of assets, and (ii) the present value of future normal costs. The employer contribution that is not used for the employer normal cost is applied to amortize the UAAL.

The funding period is calculated as the number of years required to fully amortize the UAAL, assuming that the System's payroll increases at the payroll growth rate and the State's contribution increases at the State's revenue growth rate. Both employer and member contributions are assumed to be made monthly.

The Entry Age actuarial cost method is an "immediate gain" method (i.e., experience gains and losses are separately identified as part of the UAAL). However, they are amortized over the same period applied to all other components of the UAAL.

The actuarial valuation also determines the GASB Annual Required Contribution (ARC). This is the contribution required to pay the normal cost and amortize the UAAL over 30 years as a level percent of pay. The 30-year period applies to all components of the UAAL and is recalculated each year (open amortization method).

III. Actuarial Value of Assets

The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 8.00% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.
2. Salary increase rate: A 4.00% wage inflation component, including 3.00% price inflation, plus a service-related component as shown below:

<u>Years of Service</u>	<u>Service-Related Component</u>	<u>Total Salary Increase Rate</u>
(1)	(2)	(3)
0	8.00%	12.00%
1-2	1.50%	5.50%
3-4	1.25%	5.25%
5-11	1.00%	5.00%
12-17	0.75%	4.75%
18-21	0.50%	4.50%
22-24	0.25%	4.25%
25 or more	0.00%	4.00%

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.50% per year. This increase rate has no allowance for future membership growth.
4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.50% per year. However, for years FY 2007 through FY 2010, revenue growth was decreased, reflecting the expected impact of new income tax rates.
5. Future ad hoc cost-of-living increases: None.

B. Demographic Assumptions

1. Mortality rates - after retirement or termination.

- a. Healthy males – RP-2000 Combined Mortality Table for males, projected to the year 2016 using Scale AA, multiplied by 90%, no set back.
- b. Healthy females - RP-2000 Combined Mortality Table for females, projected to the year 2016 using Scale AA, multiplied by 80%, no set back.
- c. Disabled males - RP-2000 Mortality Table for disabled males, multiplied by 75%, no set back.
- d. Disabled females - RP-2000 Mortality Table for disabled females, multiplied by 100%, no set back.

Sample rates are shown below:

Age	Expected Deaths per 100 Lives			
	Healthy Males	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(4)	(4)
40	0.09	0.04	1.69	0.75
45	0.11	0.07	1.69	0.75
50	0.14	0.10	2.17	1.15
55	0.24	0.19	2.66	1.65
60	0.47	0.37	3.15	2.18
65	0.91	0.72	3.76	2.80
70	1.57	1.24	4.69	3.76
75	2.72	1.98	6.16	5.22
80	4.93	3.28	8.20	7.23

Mortality Improvement: To account for future mortality improvement, the tables and table multipliers selected above were chosen so that the assumed mortality rates are smaller than the rates observed in the last experience study, covering experience for FY 2005 – FY 2009. The ratio of the actual number of deaths occurring during this period to the expected number based on the selected assumptions was:

- 115% for nondisabled male annuitants
- 120% for nondisabled female annuitants
- 112% for disabled male annuitants
- 130% for disabled female annuitants

2. Mortality rates - active members – RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%. Sample rates are shown below:

Age	Expected Deaths per 100 Lives	
	Male Members	Female Members
(1)	(2)	(3)
25	0.02	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.13	0.08
55	0.18	0.13
60	0.29	0.20
65	0.45	0.29

No future improvement was assumed for pre-retirement mortality, since this would not have a material effect on the liabilities or costs.

3. Disability rates - Based on 2010 Experience Study, males and females separate. Sample rates are shown below:

Age	Expected Disabilities Occurring per 100 Lives	
	Male Members	Female Members
(1)	(2)	(3)
25	0.025	0.023
30	0.025	0.023
35	0.035	0.045
40	0.065	0.112
45	0.100	0.180
50	0.300	0.270
55	0.450	0.378
60	0.175	0.378
65	0.000	0.000

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

4. Termination Rates - Separate male and female rates, based solely on the member's service, developed from the 2010 Experience Study. Rates reflect terminations for causes other than death, disability or retirement. Sample rates are shown below:

Expected Terminations per 100 Lives		
Credited Service (Years)	Males	Females
(1)	(2)	(3)
0	30.00	24.00
1	14.00	12.00
2	12.50	10.50
3	11.00	9.00
4	9.50	8.25
5	8.50	7.50
6	7.50	6.75
7	6.75	6.00
8	6.00	5.25
9	5.25	4.50
10	4.75	4.00
11	4.50	3.50
12	4.00	3.25
13	3.75	3.00
14	3.50	2.75
15	3.25	2.50
16	3.00	2.25
17	2.75	2.00
18	2.50	1.75
19	2.25	1.50
20	2.00	1.40
21	1.75	1.30
22	1.50	1.20
23	1.25	1.10
24	1.00	1.00
25 or more	0.00	0.00

Termination rates are not applied to a member who is eligible for a retirement benefit (reduced or unreduced).

5. Retirement rates - Separate male and female rates, based on age, developed from the 2010 Experience Study. Sample rates are shown below:

Expected Retirements per 100 Lives						
Age	Unreduced Retirement				Reduced Retirement	
	Males		Females		Males	Females
	Rule of 80	Rule of 90	Rule of 80	Rule of 90		
Under 50	0.0	0.0	0.0	0.0	0.0	0.0
50	12.0	19.5	12.5	20.0	0.0	0.0
51	12.0	19.5	12.5	20.0	0.0	0.0
52	12.0	19.5	12.5	20.0	0.0	0.0
53	12.0	19.5	12.5	20.0	0.0	0.0
54	12.0	19.5	12.5	20.0	0.0	0.0
55	12.0	19.5	12.5	20.0	1.0	1.5
56	12.0	19.5	12.5	20.0	1.8	2.0
57	12.0	22.0	12.5	22.5	2.0	2.3
58	12.0	22.0	12.5	22.5	2.3	2.5
59	12.0	22.0	12.5	22.5	2.5	2.8
60	12.0	22.0	15.0	25.0	2.8	3.0
61	12.0	22.0	18.0	28.0	3.0	3.5
62	20.0	30.0	25.0	35.0		
63	18.0	18.0	18.0	18.0		
64	16.0	16.0	16.0	16.0		
65	20.0	20.0	25.0	25.0		
66	20.0	20.0	22.5	22.5		
67	20.0	20.0	22.5	22.5		
68	20.0	20.0	22.5	22.5		
69	20.0	20.0	22.5	22.5		
70	20.0	20.0	22.5	22.5		
71	20.0	20.0	22.5	22.5		
72	20.0	20.0	22.5	22.5		
73	20.0	20.0	22.5	22.5		
74	20.0	20.0	22.5	22.5		
75 and over	100.0	100.0	100.0	100.0		

C. Other Assumptions

1. Percent married: 80% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the \$18,000 lump sum and refund.
4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.
6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.
8. Members who retire with at least 24 years of credited service are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.
9. No assumption was made that current active members employed by the comprehensive universities will elect to transfer out of OTRS.
10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.
11. For EESIP eligible employees, if the refund amount to be paid exceeds the actuarial present value of the additional benefit, then we assume the member does not elect the enhanced benefit.

V. Participant Data

Participant data was supplied on an electronic file for (i) active members, (ii) inactive vested members who are entitled to a future deferred benefit, (iii) inactive nonvested members who are entitled to a refund of their employee contributions, and in some cases a portion of the accumulated interest, and (iv) members and beneficiaries receiving benefits.

The data for active and inactive, non-retired members included birthdate, sex, years of service, a classified/non-classified status code, salary, employee contributions and accumulated interest on employee contributions. The data also included a code to indicate

whether the employee had elected to make contributions on salary above \$25,000, and a code indicating the type of employer (comprehensive university, other college or university, or other employer). For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the October preceding the valuation date. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Some inactive, nonvested employees who are entitled to a refund are not included in the data, but a liability for their refund is included instead in the Suspense Fund, which is included in the liability.

VI. Dates of Adoption of Assumptions and Methods

Generally, the actuarial assumptions and methods were developed from the 2010 experience study, and were adopted by the Board of Trustees in September 2010 and first reflected in this actuarial valuation. The adopted assumptions were recommended by the actuary. Some assumptions were left unchanged from the prior experience study in 2005, including the investment return rate, the inflation and payroll growth rates, and the male disability rates.

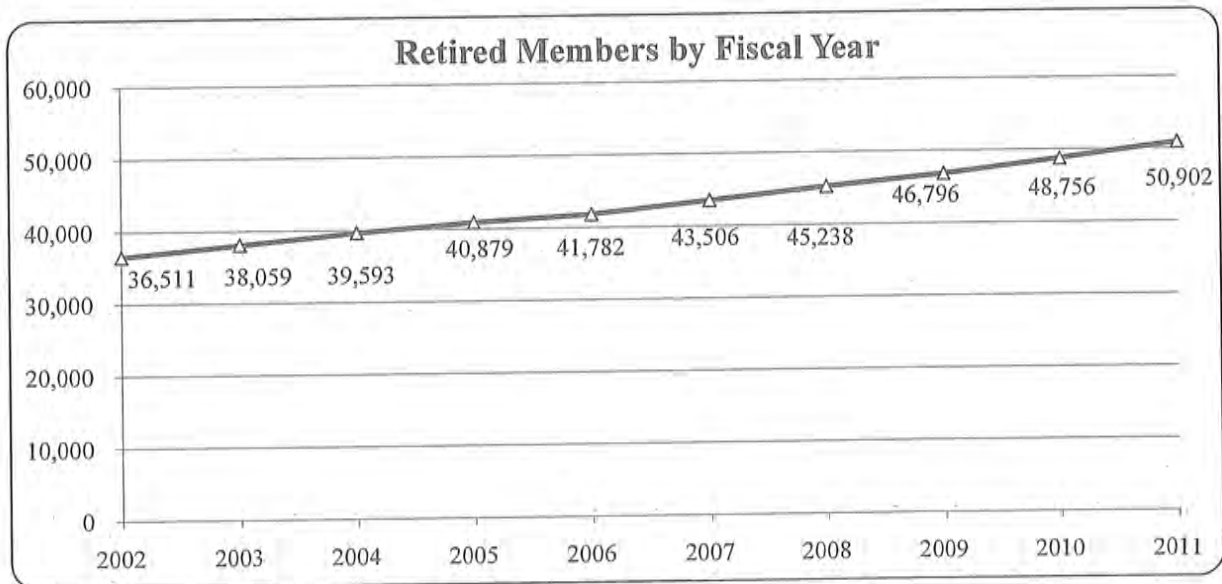
Since the June 30, 2004 valuation, there has been an assumption that future ad hoc cost-of-living increases would be granted from time to time, without additional funding. The initial assumption was that these would average 1.00% per year. Effective July 1, 2008, the assumption was modified from 1.00% to 2.00% per year. Because of the enactment of HB 2132 in 2011, this assumption was eliminated effective with the June 30, 2011 actuarial valuation.

Schedule of Increases and Decreases of Benefit Recipients Periods Ended June 30

Year Ended	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls-End of Year</u>		% Increase in Annual Allowances	Average Annual Allowances**
	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances		
2002	2,353	36,595,970	1,030	12,303,662	36,511	523,220,581	4.9%	1,231
2003	2,630	57,537,594	1,082	10,798,222	38,059	569,959,953	8.9%	1,304
2004	2,616	49,732,316	1,082	12,334,953	39,593	607,357,316	6.6%	1,315
2005	2,346	62,318,530	1,060	8,518,211	40,879	661,157,635	8.9%	1,373
2006	2,060	32,777,192	1,157	7,344,953	41,782	686,589,874	3.8%	1,376
2007	2,696	48,762,552	972	8,907,437	43,506	726,444,989	5.8%	1,419
2008	2,807	46,858,028	1,075	8,758,271	45,238	764,544,746	5.2%	1,437
2009	2,593	77,839,485	1,035	7,161,393	46,796	835,222,838	9.2%	1,483
2010	2,906	47,150,133	946	7,952,632	48,756	874,420,339	4.7%	1,511
2011	2,960	71,573,599	814	6,358,676	50,902	939,635,263	7.5%	1,537

* Includes post-retirement increases for members who retired in previous years and changes occurring due to plan options which offer a continuing monthly benefit payment to beneficiaries.

** Does not include special annuitants



Section Five: Statistical

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



OKLAHOMA TEACHERS

RETIREMENT SYSTEM



Mission Action Plan

Point Five: Promote an environment of trust and cooperation where Colleagues are encouraged to reach their potential



OKLAHOMA TEACHERS RETIREMENT SYSTEM



Statistical Section Summary

The Statistical Section presents several schedules that provide financial trends analysis of the Teachers' Retirement System of Oklahoma's overall financial health and additional analytical information on membership data and retirement benefits. The schedules beginning on page 116 through page 123 provide data depicting active membership, level of monthly benefits, years of service, and retirement options. The schedules on page 124 to page 128 provide financial data showing revenues and expenses. On page 129 and page 130 these schedules report the financial impact of retirees in the state of Oklahoma and the participating employers. The source of the information in these schedules is derived from internal information unless otherwise noted.

**Principal Participating Employers
Current Year and Nine Years Ago**

<u>Participating School</u>	<u>Fiscal Year 2011</u>			<u>Fiscal Year 2002</u>		
	<u>Covered</u>	<u>Rank</u>	<u>Percentage</u>	<u>Covered</u>	<u>Rank</u>	<u>Percentage</u>
	<u>Members</u>		<u>of Total</u>	<u>Members</u>		<u>of Total</u>
			<u>System</u>			<u>System</u>
Oklahoma City Public Schools	5,010	1	5.71%	4,758	1	5.63%
Tulsa Public Schools	4,222	2	4.79%	3,885	2	4.60%
Oklahoma State University	3,966	3	4.50%	3,761	3	4.46%
Edmond Public Schools	2,861	4	2.96%	1,846	7	2.19%
University of Oklahoma	2,608	5	3.25%	2,921	4	3.46%
Moore Public Schools	2,592	6	2.94%	1,901	6	2.25%
Lawton Public Schools	1,969	7	2.22%	1,474	10	1.75%
OU Health Sciences Center	1,957	8	2.24%	1,944	5	2.30%
Putnam City Public Schools	1,875	9	2.05%	1,569	9	1.86%
Mid-Del Public Schools	1,803	10	2.13%	1,608	8	1.91%
 * All Other	 59,222		 67.23%	 58,724		 69.59%
 Total (627 Schools)	 88,085		 100.00%	 84,391		 100.00%

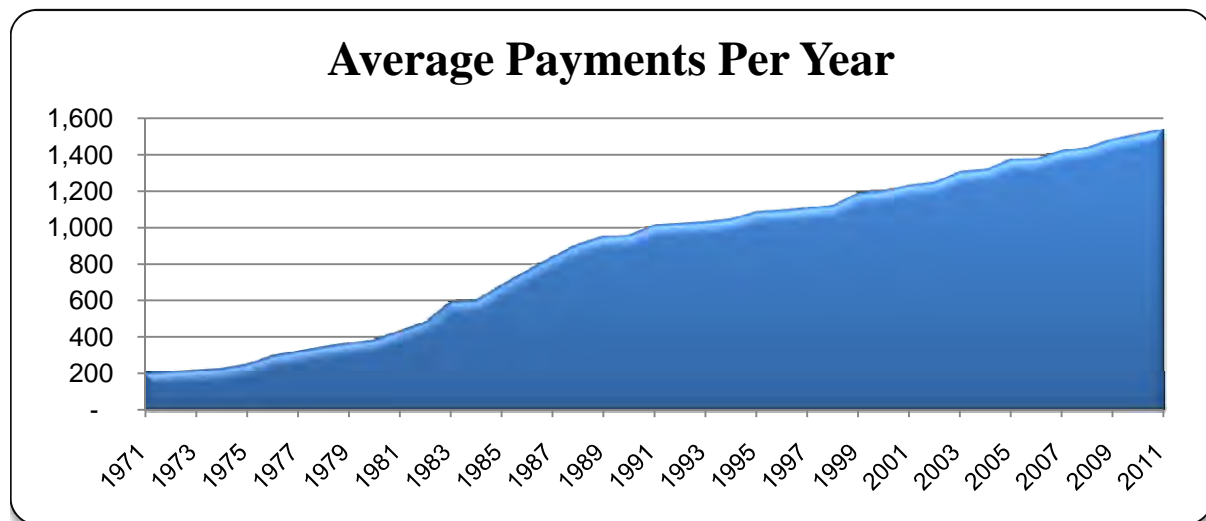
*In Fiscal Year 2011, "all other " consisted of:

<u>Type</u>	<u>Participating</u>	<u>Members</u>
	<u>Employers</u>	
School Districts	528	45,222
Higher Education	23	8,618
Career Technology	28	3,740
State Agencies	30	1,429
Other	<u>8</u>	<u>213</u>
 Total	 617	 59,222

Schedule of Average Payment Amounts Fiscal Year Ended June 30, 2011

Date	Regular Annuitants	Date	Regular Annuitants	Special Annuitants
June 30, 1948	33	June 30, 1990	956	159
June 30, 1954	75	June 30, 1991	1,013	159
June 30, 1960	83	June 30, 1992	1,021	159
June 30, 1970	179	June 30, 1993	1,030	159
June 30, 1972	209	June 30, 1994	1,044	159
June 30, 1973	217	June 30, 1995	1,084	163
June 30, 1974	226	June 30, 1996	1,093	163
June 30, 1975	248	June 30, 1997	1,105	163
June 30, 1976	297	June 30, 1998	1,119	163
June 30, 1977	321	June 30, 1999	1,187	172
June 30, 1978	345	June 30, 2000	1,199	172
June 30, 1979	365	June 30, 2001	1,231	175
June 30, 1980	382	June 30, 2002	1,246	175
June 30, 1981	432	June 30, 2003	1,304	175
June 30, 1982	480	June 30, 2004	1,304	180
June 30, 1983	592	June 30, 2005	1,373	187
June 30, 1984	600	June 30, 2006	1,376	191
June 30, 1985	600	June 30, 2007	1,419	191
June 30, 1986	761	June 30, 2008	1,437	191
June 30, 1987	837	June 30, 2009	1,483	194
June 30, 1988	907	June 30, 2010	1,511	195
June 30, 1989	949	June 30, 2011	1,537	195

Note that figures after June 30, 1989 do not include monthly medical premium.



Active Personnel

Fiscal Year Ended June 30, 2011

Years of Service	All Active Personnel	Classified Personnel	Unclassified Personnel
Under 5 years	24,596	13,426	11,170
5-9	19,445	12,406	7,039
10-14	15,419	10,543	4,876
15-19	9,854	7,098	2,756
20-24	8,698	6,440	2,258
25-29	5,083	4,054	1,029
30-34	3,248	3,002	246
35-39	1,383	1,323	60
40-44	320	303	17
45-49	34	32	2
50-54	5	5	0
Totals	88,085	58,632	29,453

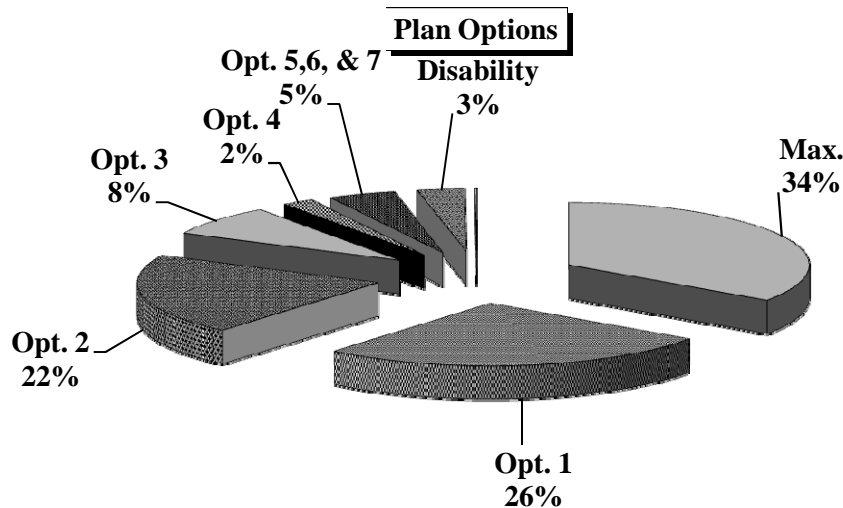
Salary Range	All Active Personnel	Classified Personnel	Unclassified Personnel
0-\$5,000	593	241	352
5001-10,000	1,515	265	1,250
10,001-15,000	5,394	341	5,053
15,001-20,000	5,147	961	4,186
20,001-25,000	4,045	819	3,226
25,001-30,000	3,569	663	2,906
30,001-35,000	8,925	6,191	2,734
35,001-40,000	16,704	14,019	2,685
40,001-45,000	13,278	11,459	1,819
45,001-50,000	8,081	6,813	1,268
50,001-55,000	5,178	4,293	885
55,001-60,000	3,281	2,573	708
60,001-65,000	2,339	1,776	563
65,001-70,000	1,975	1,557	418
70,001-75,000	1,575	1,272	303
75,001 and Above	6,486	5,389	1,097
Totals	88,085	58,632	29,453

Average Age (years)	44.3	43.3	46.2
Average Salary	\$42,837	\$48,865	\$30,836
Average Service (years)	11.7	13.1	8.9

**Schedule of Retired Members by Type of Benefits
Selected Plan Options
Fiscal Year Ended June 30, 2011**

Option	Retired Members			Average Monthly Payment	% of Total
	Male	Female	Total		
Maximum	3,663	14,032	17,695	\$1,461	35%
Option 1	2,961	9,830	12,791	1,517	25%
Option 2	6,230	5,107	11,337	1,697	22%
Option 3	1,801	2,267	4,068	1,867	8%
Option 4	345	759	1,104	1,475	2%
Options 5, 6 & 7	1,925	440	2,365	1,247	5%
Disability	386	1,133	1,519	940	3%
Totals	17,311	33,568	50,879	\$1,537	100%

Average monthly payment is \$1,511 excluding special annuitants



Maximum - provides for the greatest possible benefit.

Option 1 - provides for a decreased rate of reduction of member's account balance.

Option 2 - provides for a reduced monthly benefit to the member for life. Upon death of the member, the designated beneficiary will continue to receive the same monthly benefit for life.

Option 3 - provides a similar benefit as Option 2, however, upon death of the member, the monthly benefit to the designated beneficiary is one-half of the benefit of the member.

Option 4 - provides a reduced monthly benefit. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.

Options 5, 6 & 7 - represents beneficiaries of options 2, 3 & 4.

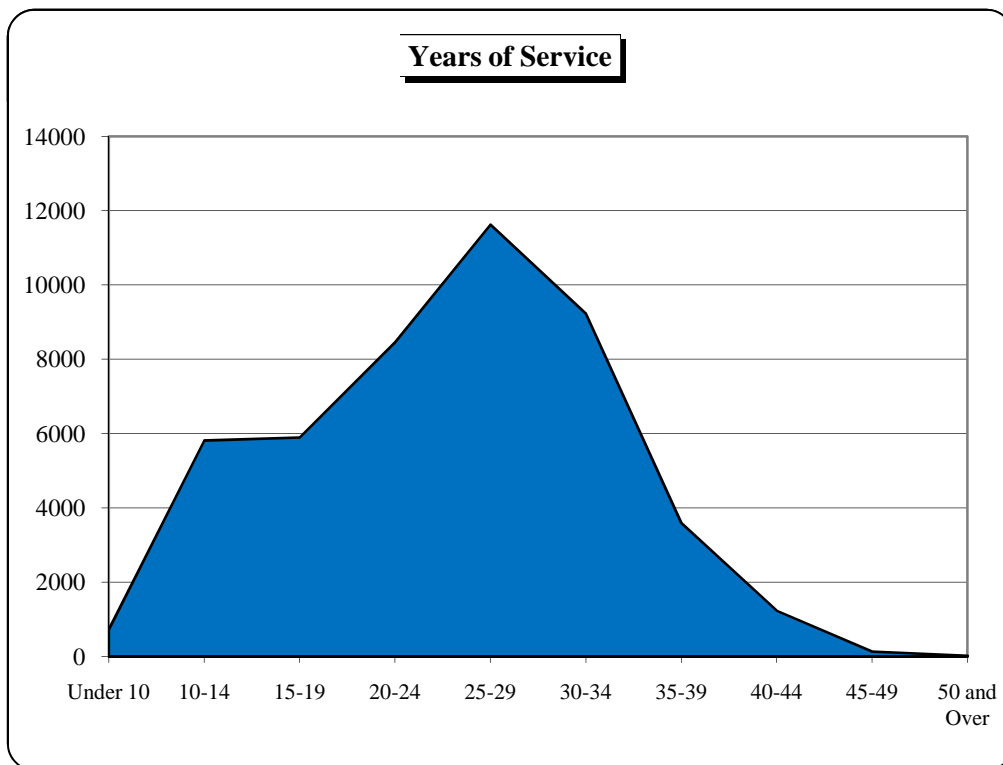
Disability - upon meeting requirements, a vested member may receive a monthly benefit.

Special Annuitants - a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943.

Distribution by Years of Service
Fiscal Year Ended June 30, 2011

Years of Creditable Service	Retired Members			Average Monthly Payment
	Male	Female	Total	
Under 10	417	661	1,078	\$343
10-14	1,823	4,313	6,136	485
15-19	1,814	4,400	6,214	787
20-24	2,171	7,077	9,248	1,257
25-29	3,898	8,517	12,415	1,756
30-34	4,113	6,019	10,132	2,120
35-39	2,087	1,963	4,050	2,523
40-44	863	560	1,423	2,959
45-49	107	52	159	3,542
50 and Over	18	6	24	4,011
Totals	17,311	33,568	50,879	\$1,537

Does not include 23 special annuitants.



**Distribution by Age at Retirement
Fiscal Year Ended June 30, 2011**

Age at Retirement	Retired Members			Average Monthly Payment	Average Length of Service (Years)
	Male	Female	Total		
40 and Under	17	53	70	\$686	13.1
41-45	42	119	161	906	16.0
46-50	356	677	1,033	1,656	25.3
51-55	4,986	7,952	12,938	1,785	27.4
56-60	4,749	11,083	15,832	1,558	25.4
61-65	5,819	11,556	17,375	1,360	23.0
66-70	1,097	1,758	2,855	1,464	23.0
71-75	190	285	475	1,253	22.9
76-80	47	76	123	1,149	22.0
Over 80	8	9	17	640	15.9
Totals	17,311	33,568	50,879	\$1,537	24.9

*Does not include 23 special annuitants.

**The average age of members at retirement is 58.8.

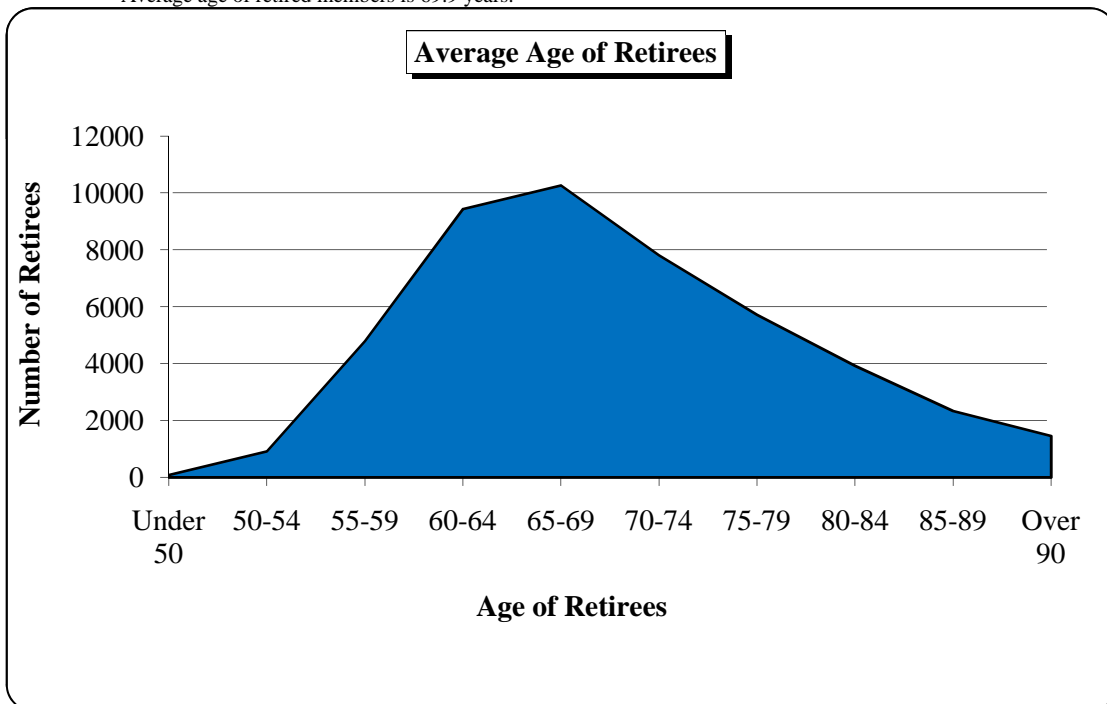


Distribution by Retiree Age Fiscal Year Ended June 30, 2011

Age	Total Retired Members	Average Length of Service	Average Monthly Payment
Under 50	90	14.5	\$895
50-54	881	132.9	1,868
55-59	4,359	26.6	1,821
60-64	10,917	25.7	1,748
65-69	11,267	24.4	1,598
70-74	8,697	24.0	1,470
75-79	6,356	23.6	1,324
80-84	4,262	24.4	1,279
85-89	2,474	25.8	1,213
Over 90	1,576	27.3	1,153
Totals	50,879	24.9	\$ 1,537

*Does not include 23 special annuitants.

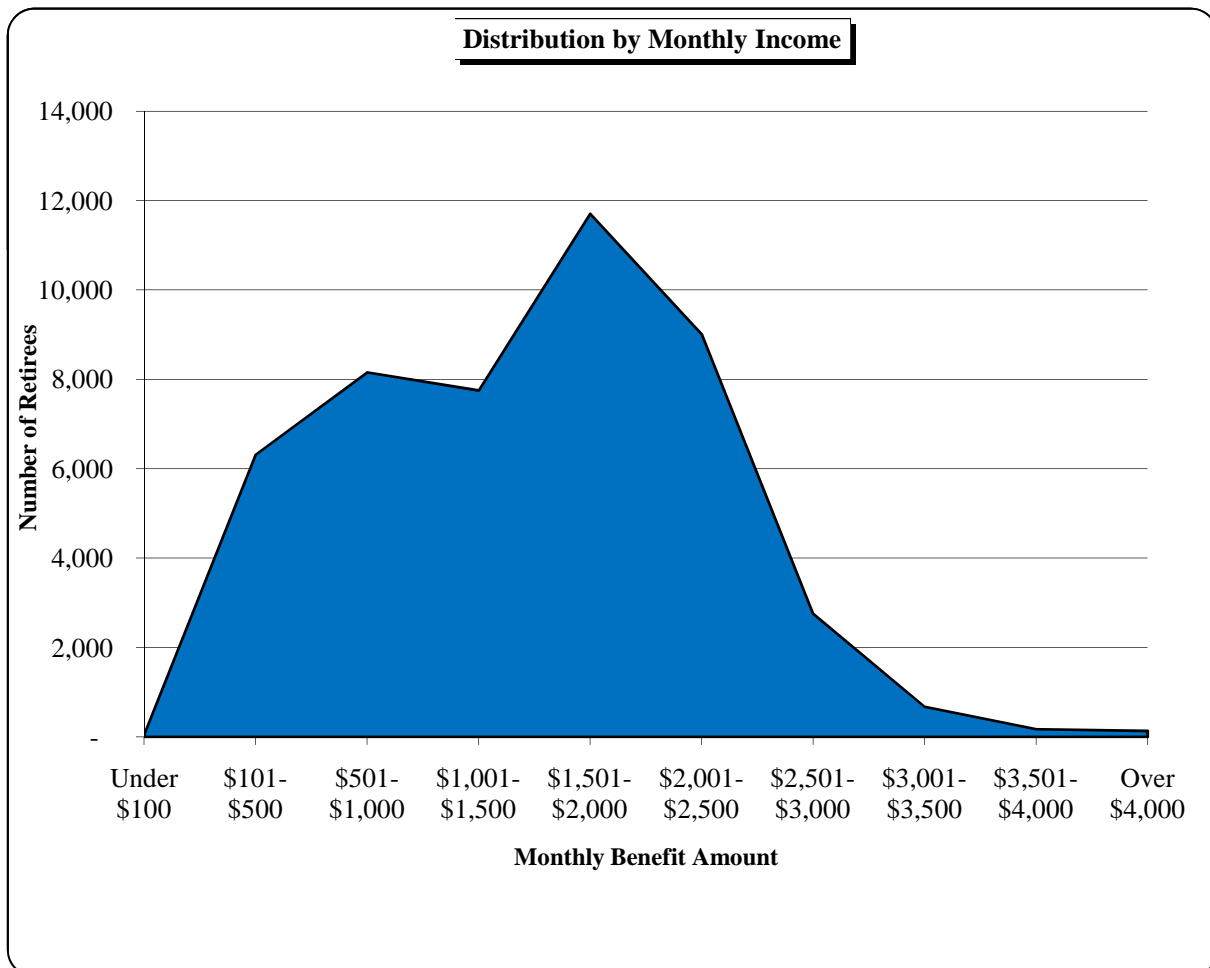
**Average age of retired members is 69.9 years.



**Distribution by Monthly Income
Fiscal Year Ended June 30, 2011**

Monthly Income	Retired Members	Total	Average Payment
Under \$100	68	5,817	\$86
\$101-\$500	6,518	2,144,822	329
\$501-\$1,000	8,636	6,327,782	733
\$1,001-\$1,500	8,078	10,258,644	1,270
\$1,501-\$2,000	12,525	22,026,839	1,759
\$2,001-\$2,500	9,965	22,039,337	2,212
\$2,501-\$3,000	3,383	9,126,780	2,698
\$3,001-\$3,500	1,013	3,246,381	3,205
\$3,501-\$4,000	335	1,238,577	3,697
Over \$4,000	358	1,814,218	5,068
Totals	50,879	\$78,229,198	\$1,537

Does not include 23 special annuitants.



Teachers' Retirement System of Oklahoma
Schedule of Cash Receipts and Disbursements
Years Ended June 30, 2011 and 2010
401 (a) Plan

	<u>2011</u>	<u>2010</u>
Cash balance, beginning of year	\$9,646,379	\$6,340,103
<u>Receipts:</u>		
Members' contributions	285,394,448	292,265,913
Member tax-shelter	0	1,265,336
Employer statutory requirement from local school districts	365,828,308	366,185,365
Matching funds	23,164,641	26,647,129
Dedicated revenue	247,542,721	227,570,042
Interest income	171,091,974	165,886,364
Dividends	111,421,987	100,443,110
Net gain (loss) on investments	645,601,112	475,078,773
Other revenue	7,849,908	(3,159,647)
* Investments sold	<u>9,083,942</u>	<u>28,041,236,909</u>
Total receipts	<u>1,866,979,041</u>	<u>29,693,419,294</u>
<u>Disbursements:</u>		
Retirement, death, survivor, and health benefits	914,910,028	968,866,908
Refund of member contributions and annuity payments	35,211,171	51,304,576
Administrative expenses	6,680,298	4,956,377
Investment expenses	31,780,384	31,193,846
Equipment purchases	762,842	0
* Investment purchases	<u>872,932,216</u>	<u>28,633,791,311</u>
Total disbursements	<u>1,862,276,939</u>	<u>29,690,113,018</u>
Balance of cash, June 30	<u>\$14,348,481</u>	<u>\$9,646,379</u>

* Includes equities, fixed income and short-term investments.

**Schedule of Changes in Net Assets
For Periods Ended June 30**

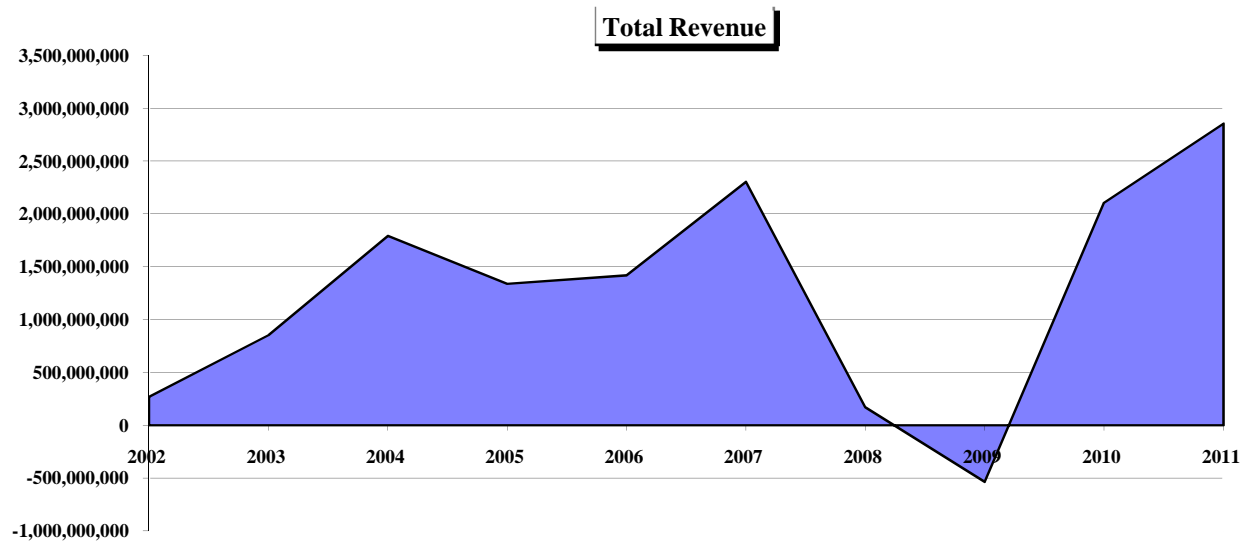
		Additions				Deductions		
		<u>Contributions</u>		State and	Net Investment	Benefit	Refunds and	Administrative
<u>Year</u>		<u>Member</u>	<u>Employer</u>	<u>Federal Matching</u>	<u>Income</u>	<u>Payments</u>	<u>Annuity Payments</u>	<u>Expenses</u>
2002	*	231,260,978	210,829,995	154,196,326	(325,734,295)	561,222,392	58,495,950	3,905,754
2003	*	224,952,145	218,841,977	143,147,463	266,036,160	608,976,125	73,563,552	4,007,846
2004	*	238,312,953	219,126,867	156,142,888	1,178,338,068	647,277,986	52,327,030	3,851,320
2005	*	241,459,049	227,791,719	177,966,919	691,956,300	701,715,390	44,060,265	4,212,266
2006	*	256,586,987	241,174,959	218,294,582	703,031,333	727,379,279	52,902,064	4,425,007
2007	*	294,291,782	271,012,403	264,904,170	1,474,628,856	767,212,709	57,378,925	4,549,159
2008	*	295,661,038	308,804,479	288,036,554	(722,427,217)	806,540,725	63,925,592	4,791,118
2009	*	296,916,898	338,974,512	279,672,051	(1,452,047,400)	876,273,193	75,692,946	5,216,493
2010	*	295,649,674	366,282,238	254,375,139	1,191,267,426	912,912,714	74,951,443	4,979,589
2011	*	\$291,654,100	\$364,025,589	\$274,451,205	\$1,925,637,239	\$979,245,846	\$58,920,565	\$4,716,480

* - Net investment income includes both securities lending income and realized and unrealized gains and losses on investments.

Schedule of Revenue by Source For Periods Ended June 30

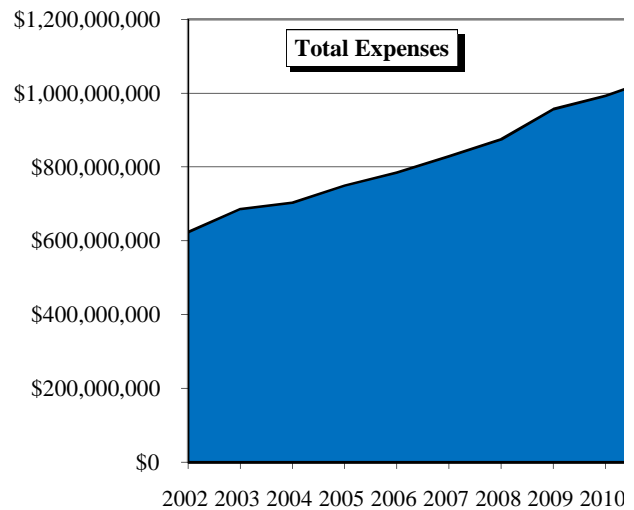
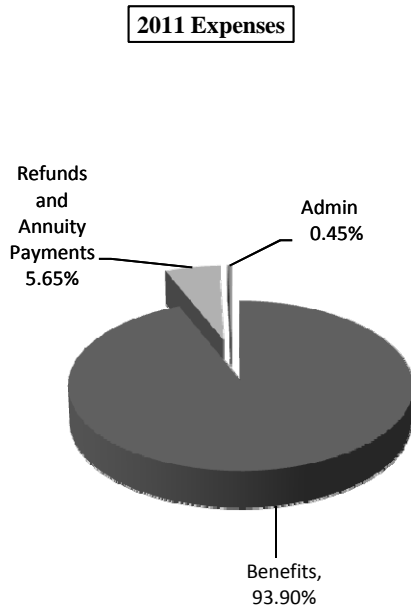
<u>Year</u>		<u>Member Contributions</u>	<u>Employer Contributions</u>	State of Oklahoma and Various <u>Grant Sources</u>	Net Investment <u>Income</u>	<u>Other Revenue</u>	<u>Total</u>
2002	*	231,260,978	210,829,995	154,196,326	(328,671,703)	2,937,408	270,553,004
2003	*	224,952,145	218,841,977	143,147,463	263,873,633	2,162,527	852,977,745
2004	*	238,312,953	219,126,867	156,142,888	1,175,826,812	2,511,256	1,791,920,776
2005	*	241,459,049	227,791,719	177,966,919	688,638,096	3,318,204	1,339,173,987
2006	*	256,586,987	241,174,959	218,294,582	699,048,530	3,982,803	1,419,087,861
2007	*	294,291,782	271,012,403	264,904,170	1,469,645,750	4,983,106	2,304,837,211
2008	*	295,661,038	308,804,479	288,036,554	(732,959,172)	10,531,955	170,074,854
2009	*	296,916,898	338,974,512	279,672,051	(1,461,365,729)	9,318,329	(536,483,939)
2010	*	295,649,674	366,282,238	254,375,139	1,186,235,015	5,032,411	2,107,574,477
2011	*	\$291,654,100	\$364,025,589	\$274,451,205	\$1,919,301,220	\$6,336,019	2,855,768,133

* - Investment income includes both realized and unrealized gains and losses on investments.



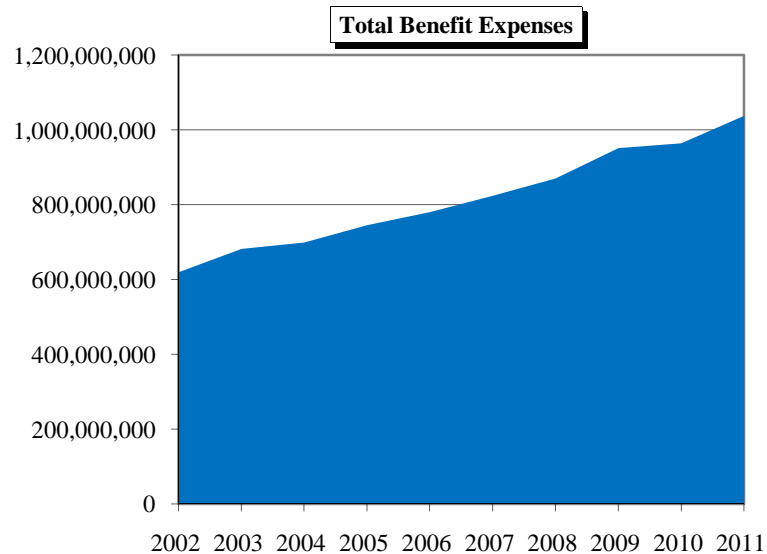
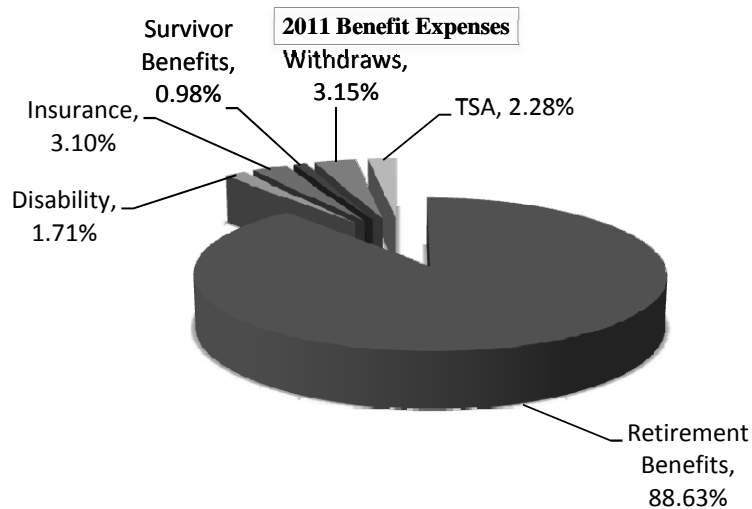
Schedule of Expenses by Type For Periods Ended June 30

<u>Year</u>	<u>Benefits</u>	<u>Refunds and Annuity Payments</u>	<u>Administrative Expenses</u>	<u>Total</u>
2002	561,222,392	58,495,950	3,905,754	623,624,096
2003	608,976,125	73,563,552	4,007,846	686,547,523
2004	647,277,986	52,327,030	3,851,320	703,456,336
2005	701,715,390	44,060,265	4,212,266	749,987,921
2006	727,379,279	52,902,064	4,425,007	784,706,350
2007	767,212,709	57,378,925	4,549,159	829,140,793
2008	806,540,725	63,925,592	4,791,118	875,257,435
2009	876,273,193	75,692,946	5,216,493	957,182,632
2010	912,912,714	74,951,443	4,979,589	992,843,746
2011	979,245,846	58,920,565	4,716,480	1,042,882,891



Schedule of Benefit Expenses by Type For Periods Ended June 30

<u>Year</u>	<u>Age and Service Benefits</u>	<u>Disability Benefits</u>	<u>Insurance Payments</u>	<u>Survivor Benefits</u>	<u>Withdrawal of Accounts</u>	<u>Tax-Shelter Withdrawals</u>	<u>Total</u>
2002	511,344,325	11,876,256	29,227,075	8,774,736	26,728,503	31,767,447	619,718,342
2003	557,082,285	12,877,668	29,625,205	9,390,967	30,176,320	43,387,232	682,539,677
2004	593,951,000	13,406,316	31,142,570	8,778,100	33,663,294	18,663,735	699,605,015
2005	646,805,731	14,351,904	30,933,923	9,623,832	26,935,850	17,124,415	745,775,655
2006	671,474,697	15,115,176	30,421,535	10,367,870	30,864,619	22,037,445	780,281,342
2007	710,990,189	15,454,800	30,491,840	10,275,879	33,829,654	23,549,272	824,591,634
2008	748,710,866	15,833,880	30,404,352	11,591,627	35,254,496	28,671,096	870,466,317
2009	818,781,566	16,441,272	30,523,203	10,527,153	32,130,596	43,562,350	951,966,139
2010	854,573,317	16,803,072	29,916,471	11,619,585	30,409,340	20,895,236	964,217,020
2011	921,893,090	17,742,173	29,405,228	10,205,355	35,211,171	23,709,394	1,038,166,411



Retirees in the State of Oklahoma by County

Of the 50,902 pensioners and beneficiaries in the Teachers' Retirement System of Oklahoma 88% or 44,675 remain state of Oklahoma residents. As such, benefit payments of approximately, \$825,029,940 this year alone went into the State's communities and businesses. Since money changes hands several times, the System's payments have a dramatic effect on the State's economy.

<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>	<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>
Adair	342	\$ 6,476,460	LeFlore	669	\$ 12,239,676
Alfalfa	115	2,194,920	Lincoln	372	6,387,852
Atoka	202	3,560,796	Logan	402	6,704,748
Beaver	84	1,489,812	Love	92	1,501,800
Beckham	250	4,574,916	Major	106	1,811,328
Blaine	170	3,020,436	Marshall	231	4,210,092
Bryan	702	13,078,728	Mayes	509	9,619,464
Caddo	476	7,914,948	McClain	491	8,373,696
Canadian	1165	21,664,572	McCurtain	545	9,843,456
Carter	621	10,961,736	McIntosh	385	7,121,520
Cherokee	890	17,409,528	Murray	183	3,528,612
Choctaw	218	4,050,324	Muskogee	1100	20,838,408
Cimarron	38	699,996	Noble	131	2,182,320
Cleveland	2741	51,564,900	Nowata	72	1,204,788
Coal	67	1,289,352	Okfuskee	176	2,845,428
Comanche	1326	25,182,432	Oklahoma	7723	144,398,352
Cotton	78	1,310,340	Okmulgee	647	11,405,172
Craig	188	3,227,064	Osage	172	2,849,844
Creek	669	11,892,228	Ottawa	620	10,235,604
Custer	506	9,754,728	Pawnee	171	2,750,148
Delaware	351	6,847,656	Payne	1935	36,063,540
Dewey	117	2,168,736	Pittsburg	563	9,930,828
Ellis	58	1,038,696	Pontotoc	728	13,718,952
Garfield	664	12,320,436	Pottawatomie	763	13,948,752
Garvin	407	7,240,380	Pushmataha	167	2,903,436
Grady	555	10,044,360	Roger Mills	78	1,368,468
Grant	80	1,436,892	Rogers	812	15,394,308
Greer	86	1,615,272	Seminole	331	5,611,116
Harmon	78	1,365,336	Sequoyah	558	10,524,168
Harper	78	1,519,788	Stephens	767	14,642,172
Haskell	215	4,044,120	Texas	199	3,509,844
Hughes	179	3,106,620	Tillman	115	2,077,668
Jackson	368	7,773,036	Tulsa	5784	110,415,984
Jefferson	73	1,227,744	Wagoner	356	6,834,660
Johnston	228	4,095,156	Washington	577	9,664,800
Kay	574	10,151,304	Washita	163	2,854,968
Kingfisher	191	3,435,228	Woods	246	4,666,044
Kiowa	164	2,799,696	Woodward	218	3,952,536
Latimer	204	3,346,716			
			Total	<u>44,675</u>	<u>\$ 825,029,940</u>

2011 Participating Employers

Public School Districts

Achille	Bowlegs	Cimarron	El Reno
Ada	Bowring	Claremore	Eldorado
Adair	Boynton-Moton	Clayton	Elgin
Afton	Braggs	Cleora	Elk City
Agra	Braman	Cleveland	Elmore City
Albion	Bray-Doyle	Clinton	Empire
Alex	Bridge Creek	Coalgate	Enid
Aline Cleo	Briggs	Colbert	Erick
Allen	Bristow	Colcord	Eufaula
Allen-Bowden	Broken Arrow	Coleman	Fairland
Altus	Broken Bow	Collinsville	Fairview
Alva	Brushy	Comanche	Fanshawe
Amber-Pocasset	Buffalo	Commerce	Fargo
Anadarko	Buffalo Valley	Copan	Farris
Anderson	Burlington	Cordell	Felt
Antlers	Burns Flat-Dill City	Cottonwood	Fletcher
Arapaho-Butler	Butner	Covington-Douglas	Flower Mound
Ardmore	Byars	Coweta	Forest Grove
Arkoma	Byng	Coyle	Forgan
Arnett	Cache	Crescent	Fort Cobb-Broxtom
Asher	Caddo	Crooked Oak	Fort Gibson
Atoka	Calera	Crowder	Fort Supply
Avant	Calumet	Crutcho	Fort Towson
Balko	Calvin	Cushing	Fox
Banner	Cameron	Cyril	Foyil
Barnsdall	Canadian	Dahlongegah	Frederick
Bartlesville	Caney	Dale	Freedom
Battiest	Caney Valley	Darlington	Friend
Bearden	Canton	Davenport	Frink-Chambers
Beaver	Canute	Davidson	Frontier
Beggs	Carnegie	Davis	Gage
Belfonte	Carney	Deer Creek	Gans
Bennington	Cashion	Deer Creek-Lamont	Garber
Berryhill	Catoosa	Denison	Geary
Bethany	Cave Springs	Depew	Geronimo
Bethel	Cement	Dewar	Glencoe
Big Pasture	Central High	Dewey	Glenpool
Billings	Central	Dibble	Glover
Binger-Oney	Chandler	Dickson	Goodwell
Bishop	Chattanooga	Dover	Gore
Bixby	Checotah	Drummond	Gracemont
Blackwell	Chelsea	Drumright	Graham
Blair	Cherokee	Duke	Grand View
Blanchard	Cheyenne	Duncan	(Cherokee)
Bluejacket	Chickasha	Durant	Grandfield
Boise City	Chisholm	Dustin	Grandview (Stephens)
Bokoshe	Choctaw/Nicoma	Eagletown	Granite
Boone-Apache	Park	Earlsboro	Grant
Boswell	Chouteau-Mazie	Edmond	Greasy

Public School Districts (continued)

Greenville	Keys	Meeker	Oktaha
Grove (Delaware)	Keystone	Merritt	Olive
Grove (Pottawatomie)	Kiefer	Miami	Olustee
Guthrie	Kildare	Mid-Del	Oologah-Talala
Guymon	Kingfisher	Middleberg	Optima
Gypsy	Kingston	Midway	Osage Hills
Haileyville	Kinta	Milburn	Osage
Hammon	Kiowa	Milfay	Center
Hanna	Konawa	Mill Creek	Owasso
Hardesty	Krebs	Millwood	Paden
Harmony	Kremlin-Hillsdale	Minco	Panama
Harrah	Lane	Moffett	Panola
Hartshorne	Laverne	Monroe	Paoli
Haskell	Lawton	Moore	Pauls Valley
Haworth	Leach	Mooreland	Pawhuska
Haywood	Leedey	Morris	Pawnee
Healdton	Leflore	Morrison	Peavine
Heavener	Lexington	Moseley	Peckham
Hennessey	Liberty (Sequoyah)	Moss	Peggs
Henryetta	Liberty (Tulsa)	Mounds	Perkins Tryon
Hilldale	Lindsay	Mountain View-	Perry
Hinton	Little Axe	Gotebo	Pickett-Center
Hobart	Locust Grove	Moyers	Piedmont
Hodgen	Lomega	Muldrow	Pioneer
Holdenville	Lone Grove	Mulhall-Orlando	Pioneer-Pleasant Vale
Hollis	Lone Star	Muskogee	Pittsburg
Holly Creek	Lone Wolf	Mustang	Plainview (Carter)
Hominy	Lookeba-Sickles	Nashoba	Plainview (Cimarron)
Hooker	Lowrey	Navajo	Pleasant Grove
Howe	Lukfata	New Lima	(Pottawatomie)
Hugo	Luther	Newcastle	Pleasant Grove
Hulbert	Macomb	Newkirk	(Seminole)
Hydro-Eakly	Madill	Ninnekah	Pocola
Idabel	Mangum	Noble	Ponca City
Indiahoma	Mannford	Norman	Pond Creek
Indianola	Mannsville	North Rock Creek	Porter Consolidated
Inola	Maple	Norwood	Porum
Jay	Marble City	Nowata	Poteau
Jenks	Marietta	Oak Grove	Prague
Jennings	Marlow	Oakdale	Preston
Jones	Maryetta	Oaks Mission	Pretty Water
Justice	Mason	Oilton	Prue
Justus-Tiawah	Maud	Okarche	Pryor
Kansas	Maysville	Okay	Purcell
Kellyville	McAlester	Okeene	Putnam City
Kenwood	McCord	Okemah	Quapaw
Keota	McCurtain	Oklahoma City	Quinton
Ketchum	McLoud	Oklahoma Union	Rattan
Keyes	Medford	Okmulgee	Ravia

Public School Districts (continued)

Red Oak	Stonewall	Walters	Eastern Okla County
Reydon	Straight	Wanette	Francis Tuttle
Ringling	Stratford	Wapanucka	Gordon Cooper
Ringwood	Stringtown	Warner	Great Plains
Ripley	Strother	Washington	Green Country
Riverside	Stroud	Watonga	High Plains
Robin Hill	Stuart	Watts	Indian Capitol
Rock Creek	Sulphur	Waukomis	Kiamichi
Rocky Mountain	Sweetwater	Waurika	Meridian
Roff	Swink	Wayne	Metro Tech
Roland	Tahlequah	Waynoka	Mid-America
Rush Springs	Talihina	Weatherford	Moore-Norman
Ryal	Taloga	Webbers Falls	Northeast Area
Ryan	Tannehill	Welch	Northwest
Salina	Tecumseh	Weleetka	Autry
Sallisaw	Temple	Wellston	Pioneer
Sand Springs	Tenkiller	Western Heights	Pontotoc
Sapulpa	Terral	Westville	Red River
Sasakwa	Texhoma	Wetumka	Southern Okla
Savanna	Thackerville	Wewoka	Southwest
Sayre	Thomas-Fay-Custer	White Oak	Tri County
Schulter	Timberlake	White Rock	Tulsa
Seiling	Tipton	Whitebead	Wes Watkins
Seminole	Tishomingo	Whitefield	Western
Sentinel	Tonkawa	Whitesboro	
Sequoyah	Tulsa	Wickliffe	Colleges and
Shady Grove	Tupelo	Wilburton	Universities
Shady Point	Turkey Ford	Wilson (Carter)	Cameron University
Sharon Mutual	Turner	Wilson (Okmulgee)	East Central State
Shattuck	Turpin	Wister	University
Shawnee	Tushka	Woodall	Langston University
Shidler	Tuskahoma	Woodland	NE State Univ
Silo	Tuttle	Woodward	NW Okla State Univ
Skelly	Twin Hills	Wright City	Okla State Univ
Skiatook	Tyrone	Wyandotte	Okla Panhandle St
Smithville	Union City	Wynnewood	Univ
Snyder	Union	Wynona	OU Health Sciences
Soper	Valliant	Yale	Rogers State
South Coffeyville	Vanoss	Yarbrough	University
South Rock Creek	Varnum	Yukon	SE Okla State Univ
Spavinaw	Velma Alma	Zaneis	SW Okla State Univ
Sperry	Verden	Zion	Univ of Central Okla
Spiro	Verdigris		Univ of Oklahoma
Springer	Vian		Univ of Sciences &
Sterling	Vici	Career and	Arts
Stidham	Vinita	Technology Centers	
Stigler	Wagoner	Caddo-Kiowa	Junior Colleges
Stillwater	Wainwright	Canadian Valley	Carl Albert State
Stilwell	Wakita	Central Oklahoma	College
		Chisholm Trail	

Public School Districts (continued)

Connors State College
 Eastern Oklahoma
 State Murray State
 College
 NE Okla A&M
 College
 N Oklahoma College
 OKC Community
 College
 Redlands Comm.
 College
 Rose State College
 Seminole State
 College
 Tulsa Community
 College
 W Okla State College

Other Participating Entities

Atoka/Coal Interlocal
 Ardmore HED Center
 Board of Private
 Vocational Schools
 Board of Regents for
 Higher Education
 Board of Regents of
 Oklahoma College
 C C O S A
 Cherokee City
 Interlocal Choctaw
 Nation Interlocal
 Comm. On Teachers
 Preparation
 Deborah Brown
 Commission
 Dept of Corrections
 Dept of Education
 Dept of Rehab
 Service
 Five Star Interlocal
 Coop
 Garfield Co Interlocal
 Harding Charter Prep
 Harding Fine Arts
 Independence Charter
 Middle School

Kipp Reach College
 Prep
 Mid-Del Act
 Moore Act
 OKC Federation of
 Teachers
 Okla Education
 Association
 Okla School of
 Science & Math
 Okla Student Loan
 Authority
 Osage County
 Interlocal
 Quartz Mountain
 Secondary Activity
 Association
 S E Oklahoma
 Interlocal
 Street School
 Teachers Retirement
 System
 Tri-County Interlocal
 Tulsa School of Arts
 & Science
 Western Village
 Charter